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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

ANDEAN JOINT ENTERPRISES: ANALYTICAL COMPENDIUM

Report prepared by the UNCTAD secretariat and based on a study by Mr. Waldo Farias Palma, Consultant

This report has been prepared in accordance with the work programme approved by the Committee on Economic Co-operation among Developing Countries at its third session (resolution 2 (III), para. 2 (ii)) and at its fourth session (resolution 4 (IV), para. 4 (b)).

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ACRONYMS AND ABREVIATIONS

ADALSA	Andina de Alimentos, Sociedad Anónima
ADC	Andean Development Corporation
AGROZULIA S.A.	Agroindustrial del Zulia, Sociedad Anónima
AMEs	Andean multinational enterprises
ASEAN	Association of South-East Asian Nations
AZURCA	Agroindustrias Zulia-Ureña, Compañia Anónima
CACE C.A.	Compañía Andina de Comercio Exterior, Compañia Anónima
CAMPOSA	El Campo, Sociedad Anónima
CENAZUCA	Centrales Azucareros, Compañía Anónima
CFN	Corporación Financiera Nacional (Ecuador)
CONANDEX	Consejo Andino de Exportadores
CORDICARGAS	Coordinadora Internacional de Cargas, Sociedad Anónima
COSAPI	Consorcio SADE-PIVASA
ECOPETROL	Empresa Colombiana de Petróleos
ECOWAS	Economic Community of West African States
ECUACERAMICA	Ecuatoriana de Cerámica
EDESA	Empresa de Sanitarios, Sociedad Anónima
EMAINCO S.A.	Empresa Multinacional Andina de Ingeniería y Construcción, Sociedad Anónima
EMATIC	Empresa Multinacional Andina de Transporte Internacional por Carretera
ERMA	Estero, Río y Mar
EXTEBANDES S.A.	Banco Exterior de los Andes y de España, Sociedad Anónima
FANASA	Fábrica Nacional de Aparatos de Aire Acondicionado, Sociedad Anónima

FANAS SURAMERICANA	Fábrica Nacional de Ascensores
FINAVES	Faenamiento Industrial de Aves
f.o.b.	Free on board
IASA	Inversiones Andinas, Sociedad Anónima
IDB	Inter-American Development Bank
IFI	Instituto de Fomento Industrial
INTAL	Institute for Latin American Integration
ISKRAEMEC S.A.	ISKRA Herramientas Electromecánicas del Ecuador, Sociedad Anónima
IVP	Instituto Venezolano de petroquímica
JUNAC	Board of the Cartagena Agreement
LINCA S.A. E.M.A.	Ligabue Internacional Catering, Sociedad Anónima, Empresa Multinacional Andina
POLIECSA	Poliquímicas del Ecuador, Sociedad Anónima
PROEXPO	Promoción de Exportaciones de Colombia
PROINPACA	Productores Integrados del Pacífico, Compañía Anónima
REMAR	Representaciones Marítimas del Ecuador
SAGA	Sociedad Anónima de los Grandes Almacenes
SICLA	Sociedad de Industrias de Cerámicas Latinoamericana
SIFA S.A.	Síntesis Farmoquímica Colombiana, Sociedad Anónima
SUPLASTIC	Supladus Plásticos
TRUECA	Transportes Unidos del Ecuador
UNCTAD	United Nations Conference on Trade and Development
WAEC	West African Economic Community

INTRODUCTION

1. Multinational enterprises among developing countries perform a major role as agents or instruments of economic cooperation among those countries. The Conference of the Group of 77 on Economic Cooperation among Developing Countries, held in Mexico in September 1976 highlighted this role. 1/

2. The process of creating multinational enterprises among developing countries has intensified in recent years. The reasons for establishing this type of enterprise include the following: "The need, for the implementation of large-scale projects, of greater amounts of capital than are available to any single country; the inadequacy of a single country's market for the production of certain goods and services which require economies of scale; easier access to capital markets and international financial institutions; the need to avoid the duplication, by several countries, of investment at the domestic level; enhanced negotiating capacity in certain sectors; development or import of advanced and costly technology; appropriate use of water resources belonging to more than one State; infrastructure projects of common interest; economic integration of a region or subregion and integration in frontier areas; equitable distribution of the costs and benefits of economic integration; and increased ability to compete with the transnational corporations." 2/

3. The interest shown by the developing countries in establishing multinational enterprises has led to their multiplication. As is apparent from other reports, 3/ as well as from this one, some of these enterprises have achieved satisfactory results, but others have come up against difficulties of various types and degrees that have restricted their activities and even caused them to cease operation.

4. At the subregional level, a number of economic integration and cooperation groupings in developing countries have set common rules for this type of enterprise. 4/ For example, this type of regime exists in the Andean Group, in the Caribbean community, in the Central African Customs and Economic Union and in the Central American Common Market. Other groups have adopted regimes that may serve to establish or to promote such enterprises, such as those adopted by the Mano River Union, the Charter on Multinational Enterprises in the countries of the Preferential Trade Area for Eastern and Southern African States, the Protocol on the enterprises of the ECOWAS countries and the enterprises of the Organization for Regional Cooperation for Development. Other groups are examining the possibility of adopting such regimes, examples being the draft standard statutes of the multinational enterprise of WAEC, the draft law on joint Arab enterprises and the draft basic agreement on joint ventures of ASEAN.

5. The establishment of joint ventures among developing countries has stimulated particular interest at the interregional level, as has cooperation among them. Among the cooperation measures approved by the Conference of the Group of 77 on Economic Cooperation Among Developing Countries, held in Mexico in 1976, was the establishment of multinational enterprises among developing countries. The Conference requested the UNCTAD secretariat to provide the necessary technical cooperation in this field, and its request was adopted by

UNCTAD's Committee on Economic Cooperation Among Developing Countries in resolution 1(I), of 9 May 1977. The secretariat has prepared a number of studies essentially dealing with the juridical and institutional aspects of the establishment of multinational enterprises and the identification of those sectors in which such enterprises could be established. 5/

6. The High Level Conference on Economic Cooperation Among Developing Countries, held at Caracas in May 1981, adopted a programme of action. On a number of occasions the programme makes a number of references to the establishment of multinational enterprises, in the following areas: (a) sectoral negotiations to establish multinational marketing enterprises; (b) the establishment of multinational enterprises to produce and market inputs for agricultural production; (c) the establishment of multinational enterprises in the energy sector for the production of capital goods and for other allied activities; (d) the establishment of multinational financial enterprises; and (e) the creation of multinational industrial cooperation enterprises. 6/

7. The Andean Group, for its part, concerned itself from the outset with the establishment of multinational enterprises. The Bogotá Declaration, which was the starting-point of that economic integration process, took note of the importance of multinational Latin American enterprises for the integration of Latin America. In the words of the Declaration, "the adoption of projects involving entrepreneurs and capital from various Latin American countries will facilitate the integration process, as well as a reasonable degree of specialization and equitable distribution of investment within the zone." 7/ The Cartagena Agreement provided for the adoption by the Commission of the "uniform regime to which all multinational enterprises should be subject" and its submission to the contracting States - subject to a proposal by the Board - before 31 December 1971. The Commission, at its sixth extraordinary session - held from 9 to 18 December 1971, accordingly adopted decision 46, known as the "Uniform regime for multinational enterprises and regulations governing the treatment of subregional capital". This decision came into force only in June 1976, i.e. almost five years after it was adopted. This was because it had been subject to a procedure similar to ratification, adoption or acceptance as a result of which it could enter into force only once the relevant instruments had been deposited with the secretariat of the Cartagena Agreement by all the Andean States.

8. The juridical regime of the Andean multinational enterprises has been amended a number of times. The amendments were effected by the following Decisions adopted by the Commission of the Cartagena Agreement: No. 169 (March 1982), No. 244 (December 1988) and No. 292 (March 1991). This last decision contains the juridical regime that is currently in force. 8/

9. The requirements laid down by Decision No. 292 for an enterprise to be recognized as an "Andean multinational" include the following: (a) domicile in an Andean country; (b) joint-stock company (sociedad onónima) structure; (c) capital in the form of registered shares; (d) shareholdings by two or more Andean countries representing over 60 per cent of the capital of the enterprise; and (e) the enterprise's technical, administrative, financial, and sales management must reflect the fact that the majority of its capital is Andean. 9/

10. The regime of the Andean multinational enterprises affords them a number of advantages which include the following: (a) no less favourable treatment than that given to national enterprises in respect of preferences for public-sector procurement of goods and services; (b) free movement of funds for investment in shares of the enterprises; (c) unrestricted and tax-free export and import of contributions to the share capital; (d) access to export promotion machinery on the same terms as national enterprises; (e) participation in sectors of economic activity reserved for national enterprises; (f) transfer from subsidiaries to the head office of total certified net profits in freely convertible currency; (g) treatment similar to that enjoyed by national enterprises as regards national domestic taxation; (h) application of special rules to avoid double taxation; (i) measures to facilitate the recruitment of personnel from the subregions and travel by the enterprises' sales personnel, investors and executives. 10/

11. A large number of joint ventures have been set up in the Andean subregion. The present document examines 27 enterprises that have adopted the status of Andean multinational enterprise and 16 which for various reasons do not enjoy this status. The enterprises operate in the following sectors: (a) food; (b) manufacturing; (c) chemicals; (d) services; (e) transport and (f) mining.

12. As regards Andean multinational enterprises (AMEs) in the food sector, both Andina de Alimentos and Agropecuaria El Refugio are at an early stage of development, and confirm the need for greater capital investment to achieve satisfactory results. There is every indication that the results of both firms will be highly profitable in the medium term, subject to improvement of the technical level of their processes and plant.

13. The inclusion in this analysis of a number of joint ventures that are not recognized as AMEs results in a degree of heterogeneity that hampers the formulation of any overall conclusions. For example, Balanceados Vigor possesses an infrastructure that denotes the use of advanced technology and an outstanding level of output. The firm seemingly supplies 10 per cent of Ecuadorian consumption of day-old chicks and of their balanced feed for them. Laboratorio Vitamix is developing vigorously both as regards the production and marketing of balanced foodstuffs and imports of chemicals. The development of Faenamiento Industrial de Aves S.A., FINAVES, is also considered satisfactory. Estero, Rio y Mar, ERMA S.A. has diversified its activities into a number of areas of food and food research, and holds out promise of significant results in the medium term, above all as it is a member of the CORPALMAR Consortium, with whose components it has an active relationship.

14. The relative weight of the group of manufacturing enterprises in terms of capital is considerable and their prospects - in the short term - seem more promising than those for the food sector.

15. The Compañia Energía Industrial Andina has expanded significantly, and has moved to Manizales (Colombia) where it has purchased land and considerable manufacturing facilities (worth over US$ 1 million). Its project for the manufacture of industrial electric batteries, a range of generators and allied products should allow it to gain a major share of the Andean market in the

short to medium term. The installed capacity and cumulated projects of DISTRAL TERMICA, one of the AMEs set up in 1990, make it a leader in its sector and a corner-stone of the industrialization of the Andean countries. Empresa de Sanitarios EDESA S.A. and the Compañía Ecuatoriana de Cerámica C.A., which manufacture ceramics, have been operating successfully for many years (one of them commenced activity in 1973). The high quality of their products has earned them a sound reputation and a growing share of the Andean market, particularly in Ecuador. ISKRAEMEC, founded in the 1970s, has expanded its range of machine-tools and not only supplies the Ecuadorian market but is also increasingly present in other Andean countries.

16. This sector pursues an aggressive marketing policy, both on the domestic market and in other countries of the Andean region. However, its exports are for the most part confined to Latin America and are neither widespread nor large-scale, and there is only one enterprise, EDESA, whose products are also marketed in the United States of America.

17. However, the enterprises whose raw material is paper, or in whose activities paper is a major component, have a total capital that exceeds only that of the services sector, according to an analysis of their initital share capital. EDITORIAL SAMBRA, publishes, produces and prints books, forms, booklets and posters. COLO-MURAL DE COLOMBIA produces and markets wallpaper, wall coverings and similar products for the construction industry. OZALID manufactures and sells paper for heliographic and electrostatic printing. It also assembles and markets - both within Colombia and abroad - photocopiers supplied by its North American partner OZALID CORP.

18. The chemicals industry is distinguished by its homogeneity, the scale of its capital base, its infrastructure, its spearhead technology and its rate of short-, medium-, and long-term growth.

19. The example provided by the current performance and the development prospects of Monómeros Colombo-Venezolanos, the largest enterprise in this group, is not an isolated case, as other AMEs (Farma de Colombia and Síntesis Farmoquímica Colombiana/SIFA S.A.) present similar features. 11/ Undoubtedly Monómeros is one of the most representative examples of the success of AMEs and of the integration of two Andean countries (Colombia and Venezuela). It is capable of competing successfully in the developed countries and of supplying the countries of Latin America - as a whole - with its products, which are used in the chemicals industry, in agriculture, in textiles, in food, in the tyre industry, etc. For their part, both Farma de Colombia and SIFA are capable of supplying the Andean market with their surplus pharmaceutical products. The high quality of the products and the firm's idle capacity suggest that their exports will expand as soon as the economic problems currently affecting a number of countries in the continent have been resolved. These chemicals firms possess manufacturing facilities in every way comparable to the advanced technology in use in the developed countries.

20. CAMPOSA and POLIECSA (the former established in 1964 and the latter in 1978) have both grown steadily - each in its own way. They produce high-quality products using advanced manufacturing technology. CAMPOSA is a case in which investment capital provided mainly by developing countries is allied with technology from a developed country. The firm's performance has

constantly improved and together with its managerial capacity has enabled it to maintain a regular rate of growth and of technological progress. POLIECSA is the sole producer of sorbitol in the Andean Pact countries. The so-called "white honey" is used in dentifrice, sweets, ice cream, medicines, plastics, cosmetics, etc. The sales potential of sorbitol on the Andean and Latin American market holds out a promising future for this firm. Thanks to the technology employed and the quality of the sorbitol, it is perfectly feasible for it to compete successfully on markets in the developed countries, where an aggressive marketing policy is required.

21. With regard to the services sector, the Tequendama and Extebandes banks are extremely active and firmly present in the Andean Pact countries. They have been joined by the recently established Banco Interandino. One of the most significant examples in the services sector is COSAPI, whose activities in the engineering sphere - where it has made steady progress for over 20 years - extend beyond the limits of the Andean region. It is associated with enterprises in 15 countries in the industrial, energy, mining, petroleum, petrochemicals, urban construction and heavy engineering fields. Also worthy of note are SAGA, a department store - which succeeded Sears Roebuck del Perú, and LINCA, which has specific expansion projects for the short and medium term (a range of exports, subsidiaries in other Andean Pact countries, etc.).

22. The transport sector comprises one AME (Coordinadora Internacional de Cargas S.A. - CORDICARGAS -) and an Andean joint venture which is not recognized as an AME (Representaciones Marítimas del Ecuador S.A. REMAR).

23. REMAR is the sole enterprise examined in which the majority investor is a Bolivian firm. CORDICARGAS is an excellent illustration in its sphere of a form of integration with Andean countries. A chain of transport and cargo-handling companies (known as the "Cordicargas System") that is being established in conjunction with nationals of other countries (Ecuador, Peru and Venezuela so far) is permitting the creation of a transport and cargo-handling network providing an efficient service along the Pacific route in South America. The resources of a number of countries have been integrated in a coordinated and stable fashion, thereby mutually enhancing the potential of each of the partners. This AME is on the point of concluding negotiations for the establishment of a multinational land transport firm on the Colombo-Ecuadorian frontier, where an inland port would be established with facilities for cargo transfer, warehousing, etc. Prospects for multimodal transport are even more ambitious, indicating that CORDICARGAS will continue its rapid growth and, in view of the nature of its activities, thereby further facilitate the region's integration.

24. The only mining firm identified was Guadalupe S.A., which was set up as an AME, with as its prime objective industrial processing of mineral ores. The initial aim was to produce and market talc for human use. As the enterprise failed to raise the necessary capital and the economic policy of its country was not at the time particularly favourable, Guadalupe S.A. remained dormant. However, in 1990 it redirected its activities towards metallurgy, and in particular towards the production of litharge (lead oxide), which has shaken the firm out of its lethargy. At the same time, its merger with Empresa Industrial Latimel S.A. will further enlarge its field of action.

25. The present report is part of an UNCTAD secretariat work programme on inter-enterprise cooperation among developing countries that covers aspects such as the following: promotion of investment and of joint ventures; promotion of investment flows towards the developing countries; dissemination of information on inter-enterprise cooperation; better use by enterprises of the possibilities created by the liberalization of trade and by services relating to joint investment facilities resulting from the agreements and programmes of the cooperation and economic integration agreements among developing countries; strengthening of cooperation among enterprises and of their managerial and operating capacity through the cooperation machinery and programmes of the existing economic cooperation organizations in developing countries.

26. The description of these Andean joint ventures is in two parts. Part one covers those enterprises which are recognized as Andean multinational enterprises, while Part two deals with enterprises not in that category. The second group includes both enterprises set up by Andean investors and enterprises established by an Andean investor in collaboration with investors from other developing countries and having their headquarters in one of the Andean countries.

PART ONE

ANDEAN MULTINATIONAL ENTERPRISES

(AMEs)

I. AZUCARERA ZULIA UREÑA EMPRESA MULTINACIONAL ANDINA (AZUCARERA E.M.A.) 12/

A. Shareholders

27.

Venezuelan investor	29 per cent
Colombian investor	67 per cent
Andean Development Corporation	4 per cent

B. Headquarters

28. Torre Central, Piso 5 al 10, Avenida Luis Roche Altamira, Caracas, Venezuela. Telephone: 2855555
Contact: Juan Vicente Urdaneta Villamizar, Lawyer

C. Background

29. Although this enterprise dates back to 1974, it was legally incorporated only on 9 August 1983. On 15 November 1983 it was recognized by the Board of the Cartagena Agreement and entered under No. 01 in the register of AMEs. Its basic purpose was to further integration between Colombia and Venezuela. The investors from the two countries, while maintaining the firm's primary aim, set it up as a multinational enterprise in order to achieve transborder integration (the agricultural development of an area of some 13,000 hectares shared by Colombia and Venezuela, the sale of raw sugar to Venezuela and the etablishment of a sugar mill in Colombia).

D. Legal status

30. A Joint stock company (Sociedad anonima) governed by Venezuelan law in accordance with the provisions of Decision 292 of the Board of the Cartagena Agreement (JUNAC).

E. Corporate purpose

31. Development and implementation of a programme of sugar cultivation, rationalization of the sugar industry and sugar marketing.

F. Organizational structure

32. Supreme responsibility lies with the General Meeting of Shareholders, which appoints a Board of Directors, which in turn appoints a General Manager.

G. Share capital

33. At the time of incorporation, the company's capital was Bs 4,300,000, 13/ 10 per cent of which was held by the Andean Development Corporation (ADC) and 45 per cent each by the Colombian and Venezuelan investors. In 1980 the capital was increased to Bs 100,000,000, of which the equivalent of US$ 500,000 were held by ADC, which was in charge of coordinating external financing for AZURCA. In 1983, ADC approved a loan of US$ 16,614,000 to

AZURCA for the agricultural and industrial development, based on sugar cane production, of the frontier area shared by Colombia and Venezuela. At the end of 1984, the enterprise's capital structure was as follows:

(in Bolivars)

Shareholder	Capital	Sum outstanding	Paid-up capital
CENAZUCA de Venezuela 540,000 shares	54 000 000	28 924 643	25 075 357
AGROZULIA S.A. de Colombia 540,000 shares	54 000 000	4 050 144	49 949 856
Andean Development Corporation (ADC) 25,800 shares	2 580 000	-	2 580 000
TOTAL	110 580 000	32 974 787	77 605 213

H. Activities

34. With technical advice from a Colombian firm, AZURCA considered the various potential suppliers of plant for the Zulia mill, and also envisaged the possibility of purchasing second-hand plant. In 1981 it purchased the Abaco mill, located on the island of Great Abaco in the Bahamas. As well as being in an excellent state of repair, modern, and suited to the needs of the enterprise, the plant was attractively priced.

35. In November 1983, ADC approved a loan of almost US$ 17 million designed to support the agricultural and industrial development of the border area shared by Colombia and Venezuela on the basis of sugar cane production, with the following objectives: (i) partially to offset the current deficit of sugar production in Venezuela; (ii) to provide permanent employment for some 5,500 people, 3,500 in Colombia and 2,000 in Venezuela; and (iii) to establish a development pole around which a range of industries and activities linked to sugar cane production would develop, thereby enhancing employment, production and the economic integration of the two countries. In practical terms, the project whose financing was approved by ADC consisted of the following: (a) the agricultural development of approximately 11,000 ha on the Colombian side of the border (Norte de Santander department) and 2,000 ha on the Venezuelan side (the State of Táchira); (b) the construction of a sugar mill in the Zulia River Valley in Colombia, with a capacity of 4,500 tons of cane per day, and (c) refining the crude sugar produced by the mill in Venezuelan refineries with idle capacity, and sale of the refined sugar in Venezuela.

36. The loan agreement with ADC could not be signed until AZURCA was able to provide a guarantor (the transaction was initially planned on the assumption that the guarantor would be the Venezuelan Development Corporation). Nevertheless, AZURCA pressed ahead with the civil engineering works for the

project, and took out short-term loans totalling approximately US$ 1.4 million, mainly from Colombian banks, pending receipt of the new funds from the balance of the subscribed capital not yet paid up. At the end of 1984 the project was virtually paralysed, the second reason being the failure of the two main shareholders to pay the unpaid capital balance. In addition, the world sugar price fell in 1986 and Venezuela (which was to be the main purchaser of the sugar produced by this AME) increased its sugar cane crop in order to achieve self-sufficiency in the short term. It would seem that the enterprise failed to achieve its objectives because of significant changes in the political and economic climate that prevailed when it was set up.

37. In these circumstances, when the Presidents of Colombia and Venezuela met in 1986 they requested that the project be wound up to make way for another one that was more practical from the economic standpoint (a study of the supply of cane from the Colombian sector to the Ureña sugar mill, which was then being expanded). In view of this development and of the legal proceedings that were building up in connection with the short-term liabilities incurred, mainly during 1984, to avoid paralysing the project, the shareholders' meeting in December 1986 decided on a composition with the firm's creditors (concordato) (a declaration that the firm was in arrears) so as to freeze the legal proceedings and gain time to seek solutions.

38. At the time of writing, AZURCA was at a standstill and its activities had ceased, with the exception of security measures and administrative activities to realize assets and maintain plant. Moreover, at the end of 1989 the shareholders' assembly was implementing decisions in respect of the following points for the purpose of winding up the enterprise: (a) the appointment of AZURCA's representative at meetings to compose with creditors; (b) procedure for the offer and sale of AZURCA's assets; and (c) procedure in respect of situations concerning outstanding capital payments by the Colombian and Venezuelan partners.

II. FARMA DE COLOMBIA S.A. E.M.A.

A. Shareholders

39. Venezuelan investors and a Colombian investor.

B. Headquarters

40. Carrera 66 No. 14-89, telephone: 2615117 and 2615137, Fax 2628028, Telex 42107 FARMA- Co.
Correspondence: Apartado aéreo 14479, Bogotá 1, Colombia.
Contact: Dr. Milton Jaimes B. - Director.

C. Background

41. On 18 February 1960 this enterprise came into existence as FARCO FARMA COMERCIAL LTDA. It changed from a limited liability company to a joint stock company on 29 July 1983, when it was registered as such at the head office of Bogotá Chamber of Commerce in Colombia on 3 July 1984: it was recognized by the Board of the Cartegena Agreement (JUNAC) as an AME, with registration No. 002. Its statutes were amended 24 times between 1960 and August 1989.

D. Legal status

42. The enterprise is a joint stock company, governed by Colombian law, and is an AME in accordance with the provisions of decision 292 of JUNAC.

E. Corporate purpose

43. The manufacture, preparation, purchase and sale, import, export and distribution, on its own account and/or on behalf of third parties, of all kinds of pharmaceutical products, cosmetics, veterinary products, chemicals and similar products, their raw materials and by-products. It may also purchase, exploit and sell patents, manufacturing processes and trade marks, construct buildings for use as laboratories, pharmacies and for other uses connected with pursuit of the firm's principal corporate purpose.

F. Organizational structure

44. Supreme responsibility lies with the General Meeting of Shareholders, which appoints a board of directors, comprising four principal directors and four deputy directors. The chief executives are the Chairman, Vice-Chairman, General Manager and two Directors, together with divisional accounts, planning and legal managers.

G. Share capital

45. The authorized capital is currently 300 million Colombian pesos 14/ in the form of 300,000 shares with a nominal value of Col$ 1,000 each. The capital is divided between Venezuelan investors, who hold 85 per cent, and a Colombian investor, who holds 15 per cent.

H. Activities

46. Pharmaceutical products are produced by importing raw materials from the United States of America and from Europe. The inputs (packaging materials, etc.) are purchased on the domestic market. The firm produces a wide range of pharmaceutical products, with the exception mainly of antibiotics. The main products marketed by the firm include the following: Angoval, Convenal 800, Cimetidina, Cordarone, Amioradona, Diluxen, Atenolol, Epiten, Debridat 200, Herrex, Natrilix, Teobid, Ticlid, Ulcuran 300 and Unidox, and Ketoconazol for paediatric use and for adults.

47. In addition to supplying a major share of the Colombian market, the enterprise has expanded into Central America. Nevertheless, it still intends to penetrate other Andean countries, although this has not yet proved feasible. The plant possesses excellent modern facilities, with a fully aseptic production line, together with laboratories and an efficient administrative infrastructure. Its current production capacity is in excess of present demand, and it would therefore have no difficulty in penetrating the Andean market as soon as this becomes feasible.

III. EMPRESA MULTINACIONAL ANDINA DE INGENIERIA Y CONSTRUCCION S.A. E.M.A. (EMAINCO S.A.)

A. Shareholders

48. Venezuelan, Colombian and Spanish investors.

B. Headquarters

49. Carrera 10 No. 93-58, telephone: 236245, Bogotá, Colombia.

C. Background

50. The firm was incorporated by public instrument on 10 August 1984, and registered with the Chamber of Commerce in Bogotá, Colombia, as a joint stock company. It was registered as an AME under registration No. 003 by JUNAC on 25 February 1985.

D. Legal status

51. A joint stock company governed by Colombian law, and conforming to decision 292 of JUNAC.

E. Corporate purpose

52. The construction of all types of building (housing, shopping centres, blocks of flats and offices, theatres, etc.) and urban works; the provision of technical services, management, marketing, plant operation and allied services.

F. Organizational structure

53. Supreme responsibility lies with the General Meeting of Shareholders, which appoints a Board of Directors comprising four principal directors and three deputy directors.

G. Share capital

54. At the time of incorporation the registered authorized capital was 20 million Colombian pesos, 15/ 10 million of which was subscribed and paid up, in the form of 20,000 shares with a nominal value of Colombian pesos 1,000 each. The capital is distributed as follows:

Venezuelan investors	60 per cent
Colombian investors	25 per cent
Spanish investors	15 per cent

55. According to the annual balance sheet as of 31 December 1985, the firm's net loss was Colombian pesos 1,564,009. This is the most recent balance sheet available for EMAINCO S.A. E.M.A.

H. Activities

56. As the enterprise is in liquidation, as indicated above, no activities were recorded.

IV. SINTESIS FARMOQUIMICA COLOMBIANA S.A. E.M.A. (SIFA S.A. E.M.A.)

A. Shareholders

57. Peruvian, Panamanian and Colombian investors.

B. Headquarters

58. Head office: Carrera 17 No. 106-75, telephone: 2158866 and 2159066.
Correspondence: Apartado aéreo 090614, Fax 2140208, Telex 41488, DISME Co., Bogotá, Colombia.
Plant: Carrera 14 A, No. 20-34, Entrada Soledad 2,000, telephone: 423970/423979, Barranquilla - Atlántico, Colombia.
General Manager: Dr. Fernando Durán
Contact: Dr. Oscar Chirinos, Manager

C. Background

59. The enterprise came into existence in 1974 through the efforts of a group of Colombian and Peruvian investors conscious of the importance of subregional integration, and it began with the manufacture of antibiotics and other pharmaceutical products. In September 1984 it began the proceedings required by law in order to secure recognition as an AME by the Board of the Cartagena Agreement. It was granted AME status on 4 March 1985 and registered under No. 004. However, on 1 August 1990, because of a change in the structure of its shareholding, it ceased to be an AME.

D. Legal status

60. The enterprise is registered as a joint stock company in Colombia. Its legal status and corporate purpose are those of an AME, as the enterprise was established in accordance with decision 169 of JUNAC.

E. Corporate purpose

61. The manufacture of semi-synthetic antibiotics, derived from bulk penicillin, which are marketed among pharmaceutical laboratories established in Colombia, the surplus being exported.

F. Organizational structure

62. Supreme responsibility lies with the General Meeting of Shareholders, which appoints a board of directors to represent and manage the enterprise, and which also, inter alia, appoints the Chairman, the Vice-Chairman and the General Manager. The firm's organizational pyramid and hierarchy currently comprises 6 executives, 20 administrative officers, 21 technicians and 28 operational staff.

G. Share capital

63. The enterprise's subscribed and paid-up capital is 160 million Colombian pesos (Col$ 160 million), 16/ and authorization has been given for an increase in its capital to 180 million Colombian pesos. The share capital is distributed as follows: 17/

Peruvian investors 43.75 per cent

Panamanian investors 6.25 per cent

Colombian investors 50.00 per cent

H. Activities

64. The production plant is located in Barranquilla W, on a 5,000 square metre site. The civil engineering work has been fully completed thanks to a mortgage granted by the Corporación de Ahorro y Vivienda (Savings and Housing Corporation). The production equipment and laboratory facilities were imported from Europe, using the shareholder's funds and a credit line opened by the World Bank through the Corporación Financiera del Norte, in view of the industry's strategic importance for the country. The enterprise processes the following bulk antibiotics (as raw materials for pharmaceutical laboratories): ampicillin trihydrate, ampicillin anhydrate, dicloxacillin sodium, cloxacillin sodium, oxacillin sodium, amoxycillin trihydrate and cefalexin monohydrate. These seven antibiotics, for which there is no substitute, had not been produced in Colombia and all were imported from European countries.

65. SIFA regularly supplies its products to the 22 main laboratories operating in Colombia, including Abbott, Hoechst, Bayer, Pfizer, Shering, etc. It also imports 11 basic products (as raw materials) from the United States of America and from a number of European countries. Although SIFA is the sole enterprise producing these antibiotics in Colombia, it only supplies 60 per cent of the consumer demand. However, it has an installed production capacity of 120 tons per year, while the national demand is only 80 tons per year. It is therefore capable of fully meeting the Colombian demand.

66. When they set up the enterprise, its directors emphatically asserted that they were inspired by the spirit of pan-Americanism. They also stated that they had set themselves the following objectives: to contribute to Colombia's economic development by promoting integration in the pharmaceutical products sphere, thereby reducing imports; to provide more employment; to produce cheaper medicines; to contribute to technological research and to encourage the production of intermediate goods, which is a pioneering step at the subregional level.

V. ANDINA DE ALIMENTOS S.A. E.M.A. (ADALSA E.M.A.)

A. Shareholders

67. Peruvian and Colombian investors.

B. Headquarters

68. Carrera 49 B. No. 70 C-26, telephone: 2501695, Bogotá, Colombia
Contact: Dr. Miguel Angel Mejía V., Manager.

C. Background

69. The enterprise was established as a joint stock company on 21 December 1984 and registered with the Bogotá Chamber of Commerce on 11 January 1985. It was recognized as an AME by JUNAC on 23 April 1985, and registered under No. 005.

D. Legal status

70. The enterprise is a joint stock company governed by Colombian law. It was granted AME status by JUNAC in accordance with the provisions of decision 169.

E. Corporate purpose

71. Export, import and trading in agricultural products, particularly hydrobiological products, as well as in all other products.

F. Organizational structure

72. Supreme responsibility lies with the General Meeting of Shareholders, below which is the Board of Directors, appointed by the General Meeting and which comprises three directors and three deputy directors. The Board's main responsibility is the management and representation of the enterprise. It appoints a manager and a deputy manager. The manager is the enterprise's legal representative.

G. Share capital

73. At the time of its incorporation and subsequent reform (16 January 1985) the enterprise declared an authorized capital of 10 million Colombian pesos. 18/ The amount of subscribed and paid-up capital is 5 million pesos and 10,000 ordinary shares with a nominal value of 1,000 pesos have been issued. Eighty-five per cent of the capital is held by Peruvian investors and the remaining 15 per cent by a Colombian investor.

H. Activities

74. The principal activity of the enterprise is the import from Peru of hake, purchased from the Peruvian shareholders in the enterprise, and its marketing to Colombian wholesalers by ADALSA's Colombian shareholder. The enterprise operates in Colombia and rents the facilities of the "Compañía GEO-ANDINA Ltda." for its cutting and packing operations. Marketing is carried out by GEO-ANDINA, which distributes the enterprise's products to private points of sale, using its refrigerated vehicles.

75. The concern's prospects, sustained by the nature of its joint venture with GEO-ANDINA, are promising, as the import price of fish is far lower than the Colombian market price, in addition to which the elimination of Peruvian middlemen and the fact that the firm's shareholders charge supplier prices, leaves an appreciable profit margin. The Colombian population's fish consumption is very low, on the one hand because Colombians are not used to eating fish, and for the related reason that fish handling, fish retailing establishments and the fish transport and packing system do not generally meet the minimum standards of hygiene required to safeguard the consumers' health. An attractive price and a marked improvement in fish marketing would enable ADALSA to grow rapidly. It hopes to optimize its AME status and to take advantage of all the franchises conferred on it by such status. The fact that the main shareholder of GEO-ANDINA is also a shareholder of ADALSA has meant that the success of the existing joint venture has made it possible to plan the purchase of refrigerated vehicles and the opening of hygienic points of sale of a comparable standard to the existing handling facilities (cutting, packing and cold treatment) that allow GEO-ANDINA Ltda. to comply in full with hygiene standards.

VI. COMPAÑIA ANDINA DE COMERCIO EXTERIOR C.A. E.M.A. (CACE C.A. E.M.A.) 19/

A. Shareholders

76. Bolivian, Colombian, Ecuadorian, Peruvian and Venezuelan investors and the Andean Development Corporation (ADC).

B. Headquarters

77. 77 Calle El Sauce, Residencia El Sauce, Quinta No. 2, Lomas de la Trinidad. Apartado de Correo 80774, Caracas 1080 A, Venezuela.
Telephone: 933351 and 7528814, Telex 21.339-VE
Contact: Mr. Augusto Llosa, Chairman.

C. Background

78. The Compañia Andina de Comercio was set up as a result of a careful and thorough study (1974-1975) by the International Trade Centre, which - pursuant to an agreement with the Andean Development Corporation and the Board of the Cartagena Agreement - was to achieve two specific tasks: in conjunction with the Board, to study and analyse existing legislation, standards and bodies with a view to improving the development and the promotion of Andean subregional trade; with ADC, to carry out studies based on the principles of

international marketing in order to identify the most suitable non-traditional products of the countries of the subregion available for export, to organize and develop firstly their production and secondly joint marketing to third countries.

79. The ADC established a special coordinating unit, known as "CACE". Valuable data was gathered on products suitable for export, requirements in terms of raw material, personnel, technology, legal and tax aspects and an analysis was made of the import and other markets. It was decided to establish a private multinational marketing enterprise with the necessary technical support from ADC (in order to adapt the product to the market) and with sufficient and timely financial assistance for the whole marketing process from purchase of the product to sale. After a number of developments and delays in taking the relevant decisions, it was decided in 1980 to establish CACE in accordance with the provisions of decision 46, with ADC providing seed capital in the form of a 10 per cent shareholding in the enterprise. On 27 August 1980 the draft memorandum of association of CACE was signed in Lima.

D. Legal status

80. The enterprise is a joint stock company that was registered with the Venezuelan public records office on 7 April 1981 as a Venezuelan commercial enterprise. It was recognized as an AME and registered as such by JUNAC on 11 June 1985 under No. 006.

E. Corporate purpose

81. To promote exports of goods and services from the member countries of the Cartagena Agreement, and for this purpose to perform marketing operations in respect of products and services, to represent foreign exporters, to place orders abroad on its own account and on behalf of others, to provide technical and financial assistance for the promotion of the subregion's foreign trade, to participate in similar enterprises, to perform international marketing operations, to keep foreign trade records and to provide information on international trade, and, in general, to perform any other lawful trading activities without restriction.

F. Organizational structure

82. The enterprise's organizational structure consists of the General Meeting of Shareholders, the Board of Directors and the Manager, who are responsible for the company's management and administration. The General Meeting appoints the seven members of the Board of Directors: the Chairman, four directors and, in an ex-officio capacity, the Chairman of CONANDEX or his delegate and a representative of the Andean Development Corporation. The General Meeting also appoints the deputy members. The Board of Directors appoints and may dismiss the Manager.

G. Share capital

83. The company's capital is 1 million bolivars, divided into 1,000 registered shares of Bs 1,000 each. 20/

The shareholdings are as follows:

Andean Development Corporation	Bs 100,000 eq. 100 shares
Asociación Venezolana de Exportadores	Bs 180,000 eq. 180 shares
Asociación de Exportadores del Perú	Bs 180,000 eq. 180 shares
Consejo Andino de Exportadores (CONANDEX)	Bs 540.000 eq. 540 shares

H. Activities

84. In 1990 CACE began exporting 1,000 tons of honey to Italy at an FOB price of US$ 3,000 per ton. It plans to export 1,800 tons of fruit worth DM 5.4 million to Germany and is seeking financing from a German bank, although it has not yet been successful for lack of guarantees.

VII. AGRITUBOS E.M.A. C.A.

85. This enterprise, which was established on 27 February 1985 in Venezuela, is registered with JUNAC as an AME under No. 007, dated 18 July 1985.

86. The enterprise's corporate purpose is the "manufacture, packing, distribution and sale of electro-welded aluminium tubes and the manufacture of equipment and parts for the installation of irrigation systems".

87. The firm's investors are Peruvian (50 per cent) and Venezuelan (50 per cent).

88. At its last known address, the firm was said to have left the building "years ago", its current whereabouts being unknown. Despite inquiries made in Peru and Venezuela (the countries of origin of the investors) no information could be obtained. JUNAC, for its part, has sent the firm various communications but it has received no reply (November 1990).

VIII. MONOMEROS COLOMBO VENEZOLANOS S.A. E.M.A. 21/

A. Shareholders

89. Colombian, Venezuelan and Netherlands investors.

B. Headquarters

90. Vía 40 Las Flores, Apartado aéreo 3205. Tel: (958) 350 330/9.
Telex: 31138. Fax: (958) 455 364, Barranquilla, Colombia.
Calle 37 No. 8 - 43, Piso 6, Apartado aéreo 17972. Tel: 2871100.
Telex: 43310. Fax: 2856429, Bogotá D.E., Colombia.
Contacts: Hernando Celedón M., Chairman
Ernesto Prieto S., Vice-Chairman (finance).

C. Background

91. In 1967, the National Council for Economic Policy of Colombia approved a project for the production of caprolactam, on the basis of a feasibility study submitted in 1965 by the Fund for Petrochemical Research. In December 1967, Monómeros de Colombia Ltda. was formed, with the Institute for Industrial Development (IFI), the Colombian Petroleum Corporation (ECOPETROL) and the Venezuelan Petrochemical Institute (IVP) as its shareholders. In 1963, with the entry of the process-licencing firm, Stamicarbón de Holanda as a shareholder, the company's name was changed to Monómeros Colombo Venezolanos S.A. In 1972, plant construction was completed and the company began regular production. In 1973, commercial activities began. In 1985, the company became an AME, its incorporation documents being amended accordingly.

D. Legal status

92. The enterprise was set up and operates as a private corporate entity. It is a commercial joint stock company registered in accordance with Colombian law. It was recognized as an AME on 5 September 1985 by JUNAC, with registration No. 008, in accordance with the provisions of decision No. 169.

E. Corporate purpose

93. Exploration, extraction, processing and benefication of minerals for the production and/or marketing of raw materials for fertilizers and agricultural inputs and other industrial products; production and/or marketing of raw materials for fertilizers and other similar uses; production and/or marketing of fertilizers; production and/or marketing of industrial equipment and chemical inputs for the agricultural sector; use and exploitation of by-products of industrial processes and the sale and marketing of such products.

F. Organizational structure

94. The Board of Directors, appointed by the General Meeting of Shareholders, is the company's highest administrative body. Its members are outside directors, normally associated with companies which are shareholders of Monómeros. An extension of the Board of Directors is the Executive Committee which is also composed of outside directors. The main function of the Committee is to assist the Board of Directors in taking decisions relating to the administration of the company. The Chairman reports to the Board of Directors. He is assisted by four Vice-Chairmen responsible for production, marketing and sales, finance and administration. The company employs a staff of approximately 900, who are Colombians qualified in management and supervision.

G. Share capital

95. The capital is distributed as follows:

Colombian investors	47.23 per cent
Venezuelan investors	47.23 per cent
Netherlands investors	5.54 per cent
of which:	
Colombian holding	47.23 per cent
Empresa Colombiana de Petróleo (ECOPETROL)	13.79 per cent
Instituto de Fomento Industrial (IFI)	33.44 per cent
Venezuelan holding	47.23 per cent
Empresa Palmaven S.A.	13.79 per cent
Petroquímica de Venezuela S.A. (Pesquiven)	33.44 per cent
Netherlands holding	5.54 per cent
Naamloze Vennootschap D.S.M.	5.54 per cent

96. On 31 December 1988, the company's total assets amounted to 30,368,902,000 Colombian pesos and the shareholder net worth (capital, withheld earnings, unrealized foreign exchange profits and revaluation surpluses) amounted to 9,985,093,000 pesos. In 1987, the shareholder net worth amounted to 6,740,616,000 pesos and the total company assets to 23,166,639,000 pesos. 22/ In 1989, the total assets stood at 41,028,940,000 pesos and the shareholder net worth at 13,697,356,000 pesos. The main loans obtained in 1990 were 262,648,000 pesos from CORFIVALLE, 276,450,000 pesos from CORFINORTE and 1,261,000,000 pesos from IFI (PROEXPO). ADC also granted loans of US$ 2,121,670 in 1989 and $2,100,299 from January to September 1990.

H. Activities

97. Monómeros supplies basic and intermediate chemicals to the manufacturing industry, as well as agricultural fertilizers, various compounds and ammonium sulphate. It also supplies organic and inorganic chemicals for sale as inputs for various industries in Colombia, the Andean Group and Latin America. One product, caprolactam, has two principal markets - the domestic market and the export market (Venezuela, Argentina and Chile).

98. The most common uses of caprolactam (a monomer) are the manufacture of filaments and fibres for use in the textile industry and in the manufacture of clothing; rugs and carpets; belting for the tyre industry; and high-strength fibres for use in the manufacture of fishing nets, tents, and safety belts. The granulated chemical fertilizer plant is the only Colombian plant producing ammonium sulphate, a fertilizer marketed under the trade name NUTRIMON. It also processes other industrial chemicals for various uses, namely: cyclohexanol and cyclohexanone (paints); organic solvents (solvents and

pesticides); sulphuric acid (drinking water, carbonated water, soap, explosives, etc.); nitric acid (printing, paints); aqua ammonia (refrigeration, household cleaners, sulphate of lime and gypsum).

99. Monómeros operates processing plants producing the following chemicals: cyclohexane, oleum and sulphuric acid; nitrous gases; industrial services; nitric acid; ammonium nitrate; tricalcium phosphate; caprolactam; hydroxylamine sulphate; chemical fertilizers; potassium nitrate; methyl ethyl ketoxime; ammonium sulphate crystals; and sodium sulphate.

100. The company's genuine desire for integration is reflected in its publications, in one of which (1989), it is stated that: "Our mission as the first and largest AME is to maintain our technical and commercial lead in our present markets and, by expanding our range of products, to become the leading marketer and producer of industrial chemicals and inputs in the Andean Group, concentrating mainly on our subregional market". 23/

101. In support of these assertions, it can be said that the main indicators bear out fully the management's claims. In 1988, exports totalled 4,471.8 million Colombian pesos, and in 1989 4,780.2 million. Total sales rose from 53,800.2 million pesos in 1988 to 74,019.7 million in 1989, and net profits increased from 5,113.9 million pesos in 1988 to 7,016.6 million in 1989 (for 1987, net profits totalled 4,029 million pesos). These figures and the group spirit which they reflect are a source of encouragement to integration efforts in the Andean subregion.

102. Mention should be made of the company's short-term and medium-term expansion plans, which include:

1. In 1990, the company successfully completed the expansion of the caprolactam production plant, which will bring the following advantages: (a) increase in production of caprolactam from 23,000 to 29,000 tonnes per year; (b) increase in ammonium sulphate production from 60,000 to 90,000 tonnes per year; and (c) expansion of industrial services, such as process water in general;

2. A project currently in progress will produce annually 40,000 tonnes of tricalcium phosphate, used as a basis for animal-feed concentrates; it is due to be completed in the first quarter of 1991;

3. The following projects are also under study: (a) increase in chemical fertilizer production to 460,000 tonnes per year; and (b) increase of potassium nitrate production to 20,000 tonnes per year;

4. A study is being made of the feasibility of building a plant to produce 120,000 tonnes of pure terephthalic acid (PTA) annually.

IX. OZALID S.A. E.M.A.

A. Shareholders

103. Venezuelan, United States and Colombian investors.

B. Headquarters

104. Carrera 20 No. 36-69, telephone 2855824 and 2459614
Apartado 29875, Bogotá D.E. Colombia.
Contact: Ernesto Quintero A., General Manager.

C. Background

105. A market analysis carried out at the beginning of this decade showed that there was no production of photogravure paper (used for making blueprints) in Colombia and that all such paper had to be imported. This prompted investors in three countries to form a joint stock company on 25 October 1983. On the same date, they initiated procedures with JUNAC and succeeded in having the company recognized as an AME, with JUNAC registration No. 009, on 15 November 1985.

D. Legal status

106. The enterprise is a joint stock company established under Colombian law and having the status of an AME, in accordance with the provisions of decision No. 169 of the Board of Cartagena Agreement.

E. Corporate purpose

107. Production and sale of photogravure or sensitized, electrostatic and drawing papers; sale and assembly of copying machines with accessories and spare parts, distribution; export and general marketing of these products.

F. Organizational structure

108. The General Meeting of Shareholders is the supreme organ of the company. The three-member Board of Directors is appointed by the General Meeting of Shareholders. It administers and represents the company and is empowered to appoint its senior executives: General Manager, Deputy General Manager and Administrative Manager.

G. Share capital

109. The company was formed with a capital of 150 million Colombian pesos, made up of 150,000 shares of 1,000 pesos each. The distribution of these shares is as follows: (a) Venezuelan investor, 65 per cent; (b) Colombian investor, 16 per cent; (c) United States investor, 19 per cent. In the general consolidated accounts at 31 December 1988 total assets are stated as being 172,057,512 Colombian pesos 24/ and profits for the financial year were 16,498,429 pesos.

H. Activities

110. The company's main activities are the production of heliographic paper, making blueprints and selling and servicing OZALID (AARQUE) copiers supplied by its United States shareholder, OZALID Corp. It is a high-technology operation, its plant is highly automated and it has only a small workforce, despite its high production. The entire process employs 25 people. The company currently supplies between 35 and 40 per cent of the Colombian market. Its activities in conjunction with OZALID Corp. enable it to renew plant and import the latest machines. For example, the company is importing plan photocopiers which use normal paper (Bond 24). This is an advance in plan reproduction and reduces costs significantly. Accordingly, OZALID uses Colombian paper.

111. The sale of equipment, together with subsequent technical servicing and sale of parts, is an important aspect of the company's activities. More specifically, it is currently marketing the following: standard photogravure papers, original reproductions (standard, lacquered, polyester, double mat), pre-folded, drawing paper, photogravure machines and machines for copying plans on bond paper, with the trade name OZALID/AARQUE.

112. This is a case of a company formed with the clear intention of becoming an AME and thus penetrating the Andean subregional market. It is currently going through a slack period and, at the time of preparation of this report, is operating at only 50 per cent of capacity. Although there are two other companies competing with OZALID in Colombia, it planned to supply 60 per cent of the domestic market by 1989. However, 40 per cent of the production capacity is still unutilized (some machines in fact operate only a few days per week). The company believes that the Andean market should be the natural extension of its current sales area, although it has not yet succeeded in this aim.

113. It is worth while comparing the overall results for 1988 with those for 1987. In 1988, the profits rose to 16,498,429 Colombian pesos from 10,258,330 pesos in 1987, an increase of 62.18 per cent.

X. FABRICA NACIONAL DE ASCENSORES C.A. FANAS SURAMERICANA E.M.A.

A. Shareholders

114. Venezuelan and Colombian investors.

B. Headquarters

115. Edificio Centro Berimet, final calle Vargas,
Boleita norte, Apartado del Este 75441,
Caracas 1070 A, Venezuela
Telephone: 357711
Telex: 25478
Contact: Dr. Rafel E. Cedeño W., Deputy Chairman

C. Background

116. The company was formed with the intention of making it an AME. The date of incorporation was 7 September 1984. The headquarters is in Caracas and the company is subject to Venezuelan law. Its subsidiary was established on 23 September 1986, when it was registered with the Bogotá Chamber of Commerce. It was recognized by JUNAC as an AME on 24 June 1986, and registered with the number 010.

D. Legal status

117. The enterprise had juridical personality. It is established as a joint stock company under Venezuelan law and is registered as an AME.

E. Corporate purpose

118. Manufacture, sale, assembly, design, installation, distribution, maintenance and repair of escalators, lifts, telephone switchboards and similar equipment. Related international business activities.

F. Organizational structure

119. The General Meeting of Shareholders, the supreme organ of the enterprise, appoints the Board of Directors. The Board administers and represents the company, and is made up of Principal and deputy directors.

G. Share capital

120. The subscribed capital is 32 million Venezuelan bolivars. 25/ The Bogotá subsidiary has an authorized capital of 1 million Colombian pesos. The Fabrica Nacional de Ascensores C.A., a Venezuelan company, has an 85 per cent shareholding and a Colombian investor a 15 per cent shareholding.

H. Activities

121. The enterprise has won a number of contracts with construction companies, for the installation of lifts and similar equipment in various apartment blocks and buildings in Venezuela. Its subsidiary in Bogotá (Colombia), operates in the same field.

122. The company has very efficient capital formation, and is able to operate in both Colombia and Venezuela. The management is confident that business within the Andean subregion will permit optimum company performance, although a number of shortcomings in the existing integration machinery will have to be remedied.

XI. COORDINADORA INTERNACIONAL DE CARGAS S.A. E.M.A. (CORDICARGAS S.A. E.M.A.) 26/

A. Shareholders

123. Colombian and Venezuelan investors.

B. Headquarters

124. 1. Parent company

Carrera 17 No. 39 - 15 Bogotá, Colombia
Telephone: 2876937/2882613/2454885/2874424
Telex: 43224 Cordi Co.
Fax: 2885339.
Contact: Luis Fernando Salazar Montoya, Chairman.

2. Subsidiary companies

CORDICARGAS PERU
Las Begonias 445 Oficina 345 San Isidro
Telephone: 422100
Telex: 21429 PE COMINTER
Fax: 423177
Lima, Peru.

CORDICARGAS VENEZUELA C.A.
Calle Edison Centro Comercial Los Chaguaramos
Piso 17, Oficina 1704
Zona Postal 1041
Telephone: 6629194-6628139
Telex: 29089 CORDI VC
Fax: 6628139
Caracas, Venezuela.

CORDICARGAS ECUADOR S.A.
Avenida America y Veracruz No. 41-74
Apartado 8222
Telephone: 450608-459258
Telex: 21050 CORDI ED
Fax: 459258
Quito, Ecuador

3. Other offices

In addition to the parent company and subsidiaries, the Cordicargas group has offices in Colombia (Barranquilla, Buenaventura, Cartagena Cali, Cúcuta, Ipiales, Medellín and Ríohacha).

C. Background

125. The company was formed as a result of a number of land transport feasibility studies. One of these studies, conducted by the Institute for Latin American Integration (INTAL), involved a transport expert following the shipment of goods through a number of South American countries, and recording the time spent in movement, the length of rest periods, delays caused by breakdowns and the time taken for Customs and other formalities. This was accompanied by a study of national and local legislation on the transport of goods, transport authorizations, etc. A study was also made of various ways of harmonizing regulations and procedures at the international level in Latin America, and of the policies of various countries in this regard. Independently of the results of the INTAL report and of the resulting project (establishment of an Andean Multinational Enterprise for International Road Transport, EMATIC), the above-mentioned transport consultant set up his own multinational company for the transport of goods between Andean Pact countries, initially using as a basis a transport company which he owned in Colombia and had formed in 1975. In 1976, the Peruvian company was set up, and in 1977 the Venezuelan company. The Ecuadorian subsidiary was expected to be in operation by late 1990.

126. CORDICARGAS S.A. E.M.A. has received assistance from the Colombian Export Promotion Fund (PROEXPO), the Board of the Cartagena Agreement (JUNAC) and the Andean Development Corporation (ADC). It was registered with JUNAC as an AME (registration No. 011) on 3 April 1987.

D. Legal status

127. The enterprise is a joint stock company, incorporated under Colombian law and registered in accordance with the provisions of decision No. 169 and decision No. 56, articles 15, 17 annex 1, 30, 31, 80 and 90, of the Cartagena Agreement.

E. Corporate purpose

128. The aim of the enterprise is to provide national and international land transport services for goods and to carry out multimodal transport operations. Accordingly, the company may engage in national and international land, river, maritime or air transport operations involving the transport, storage, receipt and delivery of goods.

F. Organizational structure

129. The management, administration and representation of the company are performed by the following: the General Meeting of Shareholders, the Board of Directors and the Chairman. The General Meeting of Shareholders is composed of registered shareholders. The Board of Directors comprises five titular members, elected by the General Meeting of Shareholders. The Board appoints the Chairman and replaces him at its discretion.

G. Share capital

130. The authorized capital of the company as at 26 July 1985 was 25 million pesos, 27/ divided into 250,000 registered shares, each with a face value of 100 pesos. Eighty-five per cent of the shares are held by Colombian investors and the remaining 15 per cent by Venezuelan investors.

H. Activities

131. Any reference to CORDICARGAS S.A. E.M.A. would be incomplete without a mention of the SISTEMA CORDICARGAS, since it is a member of that system, together with other national transport operators in Colombia, Ecuador, Peru and Venezuela, and its activities are channelled through that conglomerate, which must be seen as a single unit. In the face of the very real difficulties in overcoming frontier barriers, the abundance of legislation in the various Latin American countries and its application by State agents and private individuals in those countries, the "SISTEMA CORDICARGAS", is beginning to take shape. Transport fleets of companies in different countries are beginning to amalgamate and to associate with CORDICARGAS S.A. E.M.A., with the nationals of a given country being the majority shareholders in the resulting new companies in that country. This ensures basic independence in the operation of international transport services. The administration of Sistema Cordicargas - whose headquarters are in Bogotá, Colombia - consists of a Board comprising transport operators from Colombia, Ecuador, Peru and Venezuela and CORDICARGAS S.A. E.M.A.

132. The functions and structures of the Sistema Cordicargas include a Projects Unit, divided into Business, Institutions and Infrastructure Departments. Each of them has ongoing, short-term projects for implementation.

133. The Sistema Cordicargas is offered by national companies in each country (Colombia, Venezuela, Ecuador and Peru), which apply a set of procedures that ensure coordinated planning, action and control. It is thus possible to guarantee to both the consignor and the consignee that the same organization will be responsible for the goods from origin to destination.

134. Overland goods transport, with efficient border crossings, extends not only to shareholders' countries, but also to other Latin American countries such as Guyana, Bolivia and Argentina. This means that the System can offer advantages beyond the capabilities of other transport enterprises, such as information on goods in transit, single currency through insurance coverage and sole responsibility over the whole route.

135. The transport fleets owned by the national companies belonging to the System ensure basic autonomy in the provision of international transport services. The System can also call on associated vehicles to meet demand on the main routes. The CORDICARGAS System has a team of approximately 200 employees trained in each of its main areas of activity. Its offices in 17 cities, at frontiers and in ports make up a network covering the main Andean highway system. At frontiers, the organization has warehouses and mechanical handling equipment for storage operations, loading and unloading, when necessary.

136. CORDICARGAS S.A. E.M.A. operates in the Andean region under decision No. 56 of the Cartagena Agreement which relates to international road transport. In order to carry out its operations, the company must obtain international transport authorizations (art. 8), register with the competent national bodies in each country (art. 9), obtain the required insurance coverage (art. 15), draw up contracts of carriage (art. 30), produce an international consignment note (art. 31) and complete a manifest for goods loaded on vehicles (art. 17, annex 1).

137. CORDICARGAS S.A. E.M.A. is currently considering forming a multinational company for frontier integration between Ecuador and Colombia (Tulcán-Ipiales) which would operate a frontier Customs post, conduct transport operations, manage warehouses and the associated infrastructure and would have the manual workers, customs officers, etc., of both countries as shareholders. The shared task of clearing goods in both directions and the equality of treatment and shareholder status of these frontier workers indicates that the company will be highly successful and that all of its activities will necessarily involve integration. CORDICARGAS S.A. E.M.A. also plans to set up another company for multimodal land-sea transport in which Flota Mercante Gran Colombiana could be an investor.

138. These manifestations of practical and fully viable integration make CORDICARGAS S.A. E.M.A. an example or model in the transport field. In any event, its overall balance at 31 December 1988 showed a profit of 28,378,456 Colombian pesos and assets of 435,850,512 pesos, which shows that its financial position is very healthy and that the projects described can be accommodated.

XII. ENERGIA INTEGRAL ANDINA E.M.A. S.A.

A. Shareholders

139. Venezuelan, Colombian, Panamanian and Ecuadorian investors.

B. Headquarters

140. Calle 103 No. 15-46, telephone 2561988, fax 2181589, 42898, Bogotá 1 Bogotá, D.E., Colombia.
The company factory was set up in Manizales, Colombia, in February 1989.
The company has offices in Guayaquil and Caracas.
Contact: Dr. Williams Bolívar Melo, Chairman.

C. Background

141. The enterprise commenced operations in 1985 and was officially incorporated on 25 August 1986 under Colombian law. It was registered with JUNAC as an AME (No. 012) on 6 June 1987.

D. Legal status

142. The enterprise is a joint stock company subject to Colombian law and has AME status.

E. Corporate purpose

143. Production, distribution, sale and service of industrial batteries and other related equipment in the field of energy (solar, wind, internal combustion engine, hydraulic or steam) and the manufacture, assembly, sale, distribution and export of all items associated with supplies or parts, in harmony with production. It may also engage in any type of related or complementary activities.

F. Organizational structure

144. The General Meeting of Shareholders is the supreme organ of the company. The Board of Directors is appointed by the General Meeting of shareholders and is empowered to administer and represent the company and appoint its senior executives, such as the Chairman and the General Manager. The Board of Directors consists of five principal Directors and four deputy directors. The legal representatives of the company are the Chairman and the General Manager.

G. Share Capital

145. The company commenced operations in 1986 with a capital of 36 million Colombian pesos, consisting of 36,000 shares with a face value of 1,000 pesos each. The share capital is distributed among (a) Venezuelan investors (59 per cent); (b) Panamanian investors (15 per cent); (c) Colombian investors (16 per cent); and Ecuadorian investors (10 per cent).

146. The table below gives the main figures for the 1987, 1988 and 1989 financial years.

Item	1987	1988 (Colombian pesos)	1989
Total assets	73 847 708	275 612 747	580 206 548
Income			
Sales of products, Services and miscellaneous income	57 358 341	121 116 236	557 903 741
Profit after tax	1 318 639	2 404 456	211 103 226
Share capital	36 000 000	36 000 000	36 000 000
Net worth	19 491 595	21 896 050	232 999 276

147. On 30 August 1990, the total assets stood at 1,064,901,000 Colombian pesos, the share capital total at 420 million pesos and the paid-up capital at 210 million pesos. The profits for each year were fully reinvested.

H. Activities

148. The company's basic activity is the manufacture, sale and servicing of industrial electric batteries. It has also been involved in the design and marketing of rectifiers.

149. The company moved its factory to Manizales, where it bought a site for approximately US$ 1 million, with large and well built structures and the necessary industrial services. The move was completed in February 1989. The significant increase in activities and capital from 1988 to 1989, together with the new plant set up in Manizales, indicate a strengthening of the company.

150. The company operates in practice according to the basic principles of integration in that its capital comes essentially from three countries of the Andean Group (Ecuador, Colombia and Venezuela), lead is purchased from Peru, the plant is set up in Colombia, most components and parts come from Venezuela and the product is sold mainly in Colombia, Ecuador, Peru and Venezuela.

XIII. LIGABUE INTERNATIONAL CATERING S.A. E.M.A. (LINCA S.A. E.M.A.)

A. Shareholders

151. Colombian, Peruvian and Italian investors.

B. Headquarters

152. JR. Chinchon No. 875 Oficina 802, Lima 27, Peru.
Telephone 428341. Telex 21380 MARIANTL. Fax 428340.
Contact: Mr. Victor Santander Z., Managing Director.
The operational centre is located in Los Organos, Peru, and the headquarters are in Lima. There is also a branch in Bogotá, Colombia, whose address is Carrera 9a 90-48,
Telephone: 2188300; Telex 41271, Fax 2188208.
Contact: Pascual Ricardi, Managing Director.

C. Background

153. The enterprise was founded on 14 May 1984. From the start it has received technical assistance from Ligabue Catering S.A., Venice, Italy. The Italian company is a source of advanced technology and a channel for the transfer of technological know-how and experience gained in Italy, America, Europe, Asia and Africa.

154. In August 1989 this AME had contracts in Peru with Occidental Peruana Inc., Peruvian branch; Compañía Naviera Pérez Companc; Graña y Montero Petrolera S.A.; etc., and in Colombia with Compañía Vianini Entecanales.

155. The enterprise became an AME on 22 July 1985. It was registered by JUNAC under no. 014 on 17 November 1987, its official founding date being fixed for that purpose as 3 November 1986. It thus has access to a larger market. Sales began on 1 September 1984. Average annual sales amount to US$ 1.5 million.

D. Legal status

156. Joint stock company established under Peruvian law and an AME, in accordance with JUNAC decision 292.

E. Corporate purpose

157. The purpose of the company is the provision of catering, cleaning, laundry and goods and equipment maintenance services in Peru and abroad and the equipment and management of canteens and recreation areas. It also sells in Peru and exports all types of products and, in particular, food related products. In the conduct of its activities the company may engage in any kind of business, conclude any kind of contract and carry out any kind of economic or financial transaction that may be necessary or appropriate for its corporate purpose.

F. Organizational structure

158. The supreme organ is the general meeting, composed of all the shareholders in the company. The general meeting of shareholders appoints a board of directors which executes its decisions and acts as the Company's managing body. It consists of three to seven members whose term of office is one year. The board of directors appoints the general manager and other officers.

G. Share Capital

159. The original subscribed capital (14 May 1984) was 8,000,000 Peruvian soles. On 19 October 1984 the share capital was increased to 30,480,000 soles. On 22 July 1985, on its becoming an AME, the capital was increased to 100,000,000 soles, divided into 100,000 ordinary shares with a value of 1,000 soles each. On 10 February 1986 the capital rose to 68,605 intis. 28/ On 10 July 1986 it was increased again to 100,000 intis (one hundred thousand intis), divided into 100,000 fully subscribed and paid-up shares of one intis each, of the same category. The capital is formed as follows: 65.065 per cent from Peruvian sources, 15 per cent from Colombian sources and 19.935 per cent from Italian sources.

160. The enterprise has secured a number of loans: US$ 100,000 from Italian banks in 1984; US$ 350,000 from Colombian banks in 1986 and US$ 150,000 from Peruvian banks in 1990.

H. Activities

161. The enterprise is concerned with catering generally, i.e. the provision of large-scale food, cleaning and laundry services for miners' and oil workers' camps, recreation centres and office and works canteens, the management of such facilities and the provision of similar services for ships and aircraft. It currently has a staff of 65. The food catering services are oriented primarily towards the northern part of Peru and Colombia. It is planning to engage in marketing with an Italo-Spanish consortium.

162. The company is also planning to export frozen fish and prawns; frozen passion fruit pulp and juice concentrate; ladies', men's and children's alpaca jackets and cotton shirts in four sizes. The related agricultural activities will be based in Tumbes department (Peru).

163. The expansion plans of the enterprise also include the setting up of branches in the other countries of the Andean Group and especially the provision of hotel services (primarily catering), and exports of the above-mentioned items. Catering services will also be extended to Colombia, Chile and other countries of the region.

164. This enterprise, together with its Italian counterpart, at the Ligabue Study and Research Centre, makes grants to the Institute of Amazonian Archeology.

XIV. GUADALUPE S.A. EMPRESA MULTINACIONAL ANDINA

A. Shareholders

165. Peruvian and Venezuelan investors.

B. Headquarters

166. Avenida Arequipa No. 2875, San Isidro,
Telephone: 421111/421112/421140
Fax: 420015; 25693 PE, Lima, Peru
Contact: Luis Ayala M., Financial Director.

C. Legal status

167. This enterprise is a joint stock company, established on 12 February 1987 in accordance with Peruvian law. It is also recognized as an AME, registered by JUNAC under No. 015, since its share capital is Peruvian and Venezuelan in origin. Accordingly, under decision 292 adopted by the Board of the Cartagena Agreement, it enjoys the prerogatives agreed upon within the Andean subregion.

D. Corporate purpose

168. The principal objects of the enterprise are the industrial processing of ores, metallurgical and chemical industrial activities and the export, import, marketing and sale of the resulting products and of such other products as may be decided.

E. Organizational structure

169. The governing body is the general meeting of shareholders. It appoints a board of directors to manage the company. The Board is composed of five directors who are required to be shareholders. Their term of office is three years.

F. Share capital

170. The company's initial capital was 2 million intis 29/, divided into 200,000 shares with a face value of 10 intis each, fully subscribed and paid up. At 30 November 1990 the firm's capital was increased to the equivalent of US$ 200,000; approximately US$ 80,000 still remained to be paid up, thus bringing the capital up to the total decided upon for this phase. Upon completion of this phase, shareholders' contributions will break down at 55 per cent from Peruvian and 45 per cent from Venezuelan investors.

G. Activities

171. The original plan was to produce talcum powder for human use, which would have been marketed in all the Andean countries. This did not prove feasible as the necessary government support could not be obtained. This fact caused the company, after a long period of inactivity, to move into the metallurgical field, and mainly the production of litharge (lead oxide) which could be produced in sufficient quantities to supply the Andean countries and other markets.

172. The company possesses 22,000 m^2 of land, 1,500 m^2 of which are being used. Machinery - from the United States - is already being installed to operate the litharge plant. The other equipment, mainly pelletizing plant, is being manufactured in Peru. The company is expected to be in normal operation by the middle of 1991. The goal is to achieve a monthly output of 200 tons of this oxide, as it is estimated that 100 to 150 tons per month can be sold in Venezuela and some 40 tons per month in Peru. The remainder could be sold elsewhere, mainly in the Middle East.

173. For this new stage in Guadalupe's operations, the shareholders have been looking into the possibility of a merger with the industrial enterprise Latimel S.A. - belonging to the same corporate group - and of changing the firm's name to Latimel S.A. E.M.A. Following this merger, the Andean multinational enterprise will engage in the production of zinc and lead, taking advantage of AME status, which will give it access to the Andean Pact markets on favourable terms without losing the benefit of the minerals quota previously allocated to Guadalupe.

XV. SOCIEDAD ANDINA DE LOS GRANDES ALMACENES S.A. E.M.A. (SAGA S.A.)

A. Shareholders

174. Peruvian, Colombian and Panamanian investors.

B. Headquarters

175. Paseo de la República No. 3220, San Isidro, Lima, Peru.

C. Background

176. This company was set up under the name Sears Roebuck del Peru S.A. on 11 November 1953. On 1 September 1967 the company's statutes were completely modified to bring them into line with the Peruvian Companies Act. On 9 April 1984 the company changed its name and was recognized by JUNAC as an AME, being registered under the No. 016 on 15 February 1988.

D. Legal status

177. The enterprise is a joint stock company established in accordance with Peruvian law and is an AME, in accordance with the Andean regulations.

E. Corporate purpose

178. The performance of trading activities authorized under Peruvian law, particularly buying, importing, exporting, distributing, trading, investing, receiving as investment, exchanging, and giving as a security or guarantee moveable goods of all kinds.

F. Organizational structure

179. The general meeting of shareholders is the company's supreme body. It appoints the board of directors, which is the organ responsible for managing and representing the company. The board of directors is composed of three to seven members whose term of office is three years and who may or may not be shareholders. The board of directors elects the chairman and vice-chairman of the company. The chairman acts as the executive manager and is appointed by the meeting of shareholders.

G. Share capital

180. When the present company was founded the general meeting of shareholders unanimously decided to authorize SAGA S.A. of Colombia to transfer 39,042 shares to the foreign shareholder Inversiones Andinas S.A. (IASA) of Panama and to transform the Sociedad Andina de los Grandes Almacenes S.A. (SAGA) into an Andean Multinational Enterprise with an initial capital of 26,709,000 intis, equivalent to US$ 60,000 at the time. When it was transformed into an AME its share capital at 6 October 1987 was 56,055,300 intis 30/, divided into 560,553 ordinary shares. At 31 December 1989 its assets amounted to 274,000 million intis and its profits were 973 million intis.

181. Colombian investors hold 58.16 per cent of the share capital, Peruvian investors 21.94 per cent, and Panamanian investors 19.90 per cent.

H. Activities

182. The company's basic activity is the operation of a major department store which has its headquarters in a large shopping centre in San Isidro, Lima, Peru. It has continued with the "SEARS" line of articles and attracts a great deal of custom. Its sales are at present basically through the retail trade. It is aiming in the near future not only to consolidate its position in Peru but also to expand to other Latin American countries.

XVI. AGROPECUARIA EL REFUGIO S.A. E.M.A.

A. Shareholders

183. A Peruvian investor and a Venezuelan investor.

B. Headquarters

184. Carola Valle de Anca y Ayacuy. Estado de Lara, Venezuela.
Contact in Venezuela: Mr. Jaime Scoane W., General Manager.
Contact in Peru: Mr. Ernesto A. Benavides P., Chairman.
Avda. Ricardo Palma No. 698, San Antonio, Telephone: 472441, Lima, Peru.

C. Background

185. The company was founded as an AME, its date of establishment being 13 November 1987. It was registered with JUNAC under No. 017 on 23 March 1988.

D. Legal status

186. It is a joint stock company established under Venezuelan law and benefits from the provisions of decision 292 of the Board of the Cartegena Agreement.

E. Corporate purpose

187. All types of stockbreeding activities and related industrial development activities.

F. Organizational structure

188. Being a joint stock company, the enterprise is required to have a general meeting of shareholders and a board of directors. In practice, the majority shareholder and general manager is responsible for overall management and administration, and the Venezuelan shareholder, who manages the company's ranch, is in charge of stock-raising activities.

G. Share capital

189. At the time of subscription the company's share capital was 100,000 bolivars, but it was later increased to 1,000,000 bolivars 31/. Eighty per cent of the capital is held by the Peruvian shareholder and 20 per cent by the Venezuelan shareholder.

H. Activities

190. The company owns a 150 hectare ranch and 600 head of cattle. At present its activity consists in the raising (fattening) of cattle. It plans later to carry out the full range of live stock-raising activities, from the breeding to the slaughtering and marketing of cattle for export to Peru. A rational type of animal husbandry is practised with livestock rotating between open pasture and enclosed corrals. This allows the land to be reclaimed, giving a yield of four animals per hectare, in contrast with the natural methods

generally practised in Venezuela, which permit only one animal per hectare. The aim is to introduce high technology for the slaughtering of the animals, which would also make it possible to export to the United States. The enterprise feels that once it obtains the loans it is seeking, it should be able to triple its output within a short space of time. The addition of a new shareholder who would bring in further capital is regarded as a possibility.

191. Meanwhile in 1989 the company sunk a deep well to tap the groundwater and cleared a further part of the land, thereby increasing the operating capacity of the ranch. A total of 6 million bolivars was invested in the land and 9.5 million bolivares in livestock. In 1990 7 million bolivares was invested in buildings and 5 million bolivares in livestock. Only a provisional forecast can be made for the company for the medium term. It is currently operating on a profit-making basis, with normal growth.

XVII. COMINPORT DE COLOMBIA S.A. E.M.A.

A. Shareholders

192. Peruvian and Colombian investors.

B. Headquarters

193. Carrera 53 A No. 121-180, telephone: 2531479, Bogotá, Colombia.
Contact: Mr. Oscar Rengifo, Manager.

C. Background

194. This trading company was established on 7 April 1987 and registered at the Chamber of Commerce of Bogotá (Colombia) on 22 April 1987. It was registered as an AME with JUNAC under No. 018 on 18 April 1989.

D. Legal status

195. The company has juridical personality and is established as a joint stock company governed by Colombian law. It was recognized as an AME by the Board of the Cartegena Agreement in accordance with the provisions of decision 169.

E. Corporate purpose

196. The buying, selling, import and export of volumetric positive displacement rotary pumps and centrifugal pumps, valves, equipment and industrial machinery in general.

F. Organizational structure

197. The general meeting of shareholders is the company's governing body and also appoints the board of directors, composed of four full directors and four deputy directors. The meeting of shareholders also appoints a chairman, a deputy chairman, a manager and a deputy manager.

G. Share capital

198. When the company's articles of incorporation were modified, under No. 2326, on 25 May 1989, the subscribed share capital was stated to be 13,890,000 Colombian pesos, half of which (6,945,000 pesos) had been paid up. 32/. The number of shares issued was 13,890 with a face value of 1,000 pesos each. The share capital is held by four Peruvian investors (84.98 per cent) and one Colombian investor (15.02 per cent).

H. Activities

199. Unknown. It is certain, however, that on 29 August 1989 the company had not been legally dissolved. On 22 November 1990 a memorandum was received from the manager of the company which stated that COMINPORT DE COLOMBIA was no longer an AME and had become an ordinary joint stock company under Colombian law.

XVIII. COLOMURAL DE COLOMBIA S.A. E.M.A.

A. Shareholders

200. Colombian and Ecuadorian investors.

B. Headquarters

201. Cali, Colombia.
Contact: Mr. Jacobo Nader Buraye, Manager.

C. Background

202. The enterprise was established as a joint stock company by instruments No. 0666 of 13 June 1985 and No. 1506 of 13 December 1985, and was registered at the Chamber of Commerce of Cali on 9 January 1986. It has been recognized as an AME by JUNAC under No. 019.

D. Legal status

203. The enterprise is a joint stock company governed by Colombian law and has the status of an AME.

E. Corporate purpose

204. The production, distribution and marketing of wallpaper and wall hangings of every kind and, in general, materials, items and articles for use in finishing and decorating of buildings.

F. Organizational structure

205. The governing body is the meeting of shareholders, under which comes the board of directors, which manages the company and is composed of three full directors and three deputies. The meeting of shareholders has appointed a manager and two assistant managers.

G. Share capital

206. At the time of its establishment and the subsequent change in its articles of incorporation, the company declared an authorized capital of 13,000,000 Colombian pesos 33/, divided into 13 million shares with a face value of 1 Colombian peso each. This capital is broken down as 84.96 per cent held by Ecuadorian investors and 15.04 per cent held by Colombian investors.

XIX. DISTRIBUIDORA CODINTER, C.A. E.M.A.

207. Although this enterprise was registered by the Board of the Cartagena Agreement as an AME, it was not possible to obtain any information concerning it in any of the countries of origin of its shareholders or at JUNAC, which knows nothing about its management. The only information available is that published by the Board.

208. Distribuidora Codinter, C.A. E.M.A. (registered as a new company) has its headquarters in Venezuela. Its date of establishment is 21 March 1988. Its corporate purpose is the manufacture, distribution, marketing, export and storage of spare parts for cars and motor vehicles in general. Investors are Distribuidora L.T.D. (CODINTER) of Colombia (85 per cent) and Distribuidora AINTRACO C.A. of Venezuela (15 per cent).

XX. FABRICA NACIONAL DE APARATOS DE AIRE ACONDICIONADA S.A. E.M.A. (FANASA)

A. Shareholders

209. Colombian and Venezuelan investors.

B. Headquarters

210. Ciudad de Bogotá, Distrito Especial, Colombia.
Contact: Mr. Omar Forero Ulloa, Manager.

C. Background

211. The enterprise was established as a joint stock company on 13 September 1985, registered at the Chamber of Commerce of Bogotá on 19 May 1987 and registered with JUNAC under No. 20. Its recognition as an AME became possible with the incorporation of a number of persons into the company "Supladus Plásticos - SUPLASTIC C.A.", a firm with domicile in Cua, State of Miranda, Venezuela.

D. Legal status

212. The enterprise is a joint stock company governed by Colombian law and possessing the status of an AME.

E. Corporate purpose

213. The manufacture, marketing, sale and distribution, within and outside Colombia, of air-conditioning and ventilation equipment for motor vehicles.

F. Organizational structure

214. The supreme organ is the general meeting of shareholders, under which is the board of directors which it appoints. The board of directors is composed of three full directors and three deputies and is chiefly responsible for managing and representing the company. In accordance with the articles of incorporation, a manager and two assistant managers have been appointed. The manager is the legal representative of the enterprise.

G. Share capital

215. The authorized capital of the company is 24 million Colombian pesos 34/, divided into 24,000 registered shares of 1,000 pesos each.

XXI. EDITORIAL SAMRA S.A. E.M.A.

A. Shareholders

216. Colombian and Venezuelan investors.

B. Headquarters

217. Bogotá, Colombia, with a branch in Caracas.
Contact: Mr. Carlos Alberto Fernández, Manager.

C. Background

218. The enterprise was established as a joint stock company on 27 April 1987 and was registered at the Chamber of Commerce of Bogotá on 9 July 1987. It was registered as an AME by JUNAC under No. 21.

D. Legal status

219. The enterprise is a joint stock company governed by Colombian law and it enjoys the status of an AME.

E. Corporate purpose

220. The publication, production or printing of scientific and cultural books, journals, reprintings, brochures and posters.

F. Organizational structure

221. The supreme organ is the general meeting of shareholders, under which comes the board of directors. The board is appointed in accordance with the articles of incorporation and is composed of three full directors and three deputies. The articles of incorporation also provide for the appointment of a company manager, who is also the legal representative of the company.

G. Share capital

222. When it was established, the company had an authorized capital of 110,000,000 Colombian pesos 35/, divided into 220,000 shares of 500 pesos

each. Of this capital, 49 per cent is held by five Venezuelan investors and 51 per cent by a Colombian investor. The share capital has been fully subscribed and at 27 April 1987 81,950,000 pesos had been paid up as follows:

(a) Venezuelan shareholders: Of the 107,800 shares with a value as subscribed capital of 53,900,000 pesos, 107,800 shares with a value of 53,900,000 were paid up;

(b) Colombian shareholder: Of the 112,200 shares with a value as subscribed capital of 56,100,000 pesos, 56,100 shares with a value of 28,050,000 were paid up.

XXII. HYDRAQUIP DEL ECUADOR S.A. E.M.A

A. Shareholders

223. Ecuadorian and Colombian investors.

B. Headquarters

224. Quito, Ecuador.
Contact: Juan Abel Pachano Viteri.

C. Background

225. The joint stock company HYDRAQUIP DEL ECUADOR S.A. E.M.A was established on 25 May 1989 in San Francisco de Quito, Ecuador. It was recognized as an Andean multinational enterprise by the Board of the Cartagena Agreement and registered under No. 022, in accordance with the provisions of decision No. 244 of the Commission of the Cartagena Agreement.

D. Legal status

226. The enterprise is a joint stock company subject to the laws of Ecuador. It also has AME status.

E. Corporate purpose

227. The manufacture, assembly, import and export of hydraulic equipment, such as hydraulic power units, hydraulic motors, controls, steering units, transmissions, valves, filters, cylinders and hydraulic parts and spares, such as cylinders, pneumatic valves and similar items of equipment.

F. Organizational structure

228. The supreme organ is the general meeting of Shareholders, which appoints the board of directors; the board in turn appoints, inter alia, the Chairman and the general manager, who manage and represent the enterprise.

G. Share capital

229. The share capital is 16,560,000 sucres, 36/ divided into 16,500 ordinary registered shares of 1,000 sucres each. Of the subscribed capital 85.3 per cent is held by the Colombian investor, and the remaining 14.7 per cent by the Ecuadorian investors.

H. Activities

230. At the time of writing this report it had not been possible to obtain further information.

XXIII. VEIMAS S.A. E.M.A. (Vehiculos de Máxima Seguridad)

A. Shareholders

231. A Peruvian investor and Colombian investors.

B. Headquarters

232. Las Begonias 441, Oficina 345, San Isidro, Casilla 8, Lima 18, Lima, Peru. Telex 21429, Fax: 420287, Telephone: 612106 and 626583
Contact: Javier Cáceres, Manager.

C. Background

233. The enterprise began operating on 10 July 1986. Its main activity is the armouring of vehicles and occasionally their repair, as well as the manufacture of armoured glass for buildings. It exchanges technology with Colombia and purchases components such as armoured glass and steel that are manufactured there. It has also established contacts with a view to operating in Chile. The Colombian shareholders operate in the same field in Colombia, as well as in Ecuador and Venezuela.

D. Legal status

234. The enterprise is a joint stock company, governed by the laws of Peru. It was registered as an AME under No. 023 on 23 February 1990.

E. Corporate purpose

235. The modification, assembly and armoured protection of all types of motor vehicle.

F. Organizational structure

236. The supreme organ of the enterprise is the general meeting of shareholders. The Board, which is appointed by the General Meeting, comprises six directors, one of whom is Chairman both of the board and of the general meeting, another being vice-chairman and a third manager. Among its responsibilities, the Board represents the enterprise in a legal and extralegal capacity, and administers and manages it.

G. Share capital

237. The enterprise's initial capital was 70,000 intis. 37/ The results as at December 1989 showed a profit of 294,368,008 intis, equivalent to approximately US$ 23,000. The Peruvian investor holds 35 per cent of the shares and the five Colombian investors the remaining 65 per cent.

XXIV. BANCO INTERANDINO S.A. E.M.A

A. Shareholders

238. Peruvian, Venezuelan and Cayman Islands investors.

B. Headquarters

239. Augusto Tamayo 120, San Isidro, Lima, Peru.
Telephone: 717777.
Contacts: Alfonso Brazzini D-U., Chairman.
Javier Otero, General Manager.
Juan Zegarra, Director.

C. Background

240. The bank was incorporated on 23 March 1990. Its memorandum of association was registered on 2 April 1990 in Lima. In order to start up its operations, the enterprise purchased the assets of the Bank of America's Peruvian branch, and took over the latter's premises in San Isidro, Lima, Peru. The Bank also took over the Bank of America's former personnel.

D. Legal status

241. The enterprise is a joint stock company, governed by Peruvian law; it is also registered with JUNAC as an AME under No. 026.

E. Corporate purpose

242. To promote the financing of trade within and outside the Andean area. To this end, the enterprise's immediate aim is to perform any lawful acts, contracts, transactions and activities in accordance with current banking practice in Peru, pursuant to the relevant administrative authorization.

F. Organizational structure

243. Supreme responsibility lies with the General Meeting of Shareholders, which represents all the investors. The General Meeting, inter alia, appoints a Board of Directors composed of directors and deputy directors. The Board appoints the Chairman who is also Chairman of the General Meeting of the Shareholders, the Vice-Chairman, the General Manager and other officers.

G. Share capital

244. The Cayman Islands investor (the Pacific Investment Bank) holds 14 per cent of the shares, the Venezuelan investor 24.7 per cent and the Peruvian investor the remaining 61.3 per cent.

H. Activities

245. As the enterprise has been in existence for less than a year and has only just commenced operations, no further information is yet available. Its objective is to become the bank of the mining sector in Peru, with the aim of subsequently expanding its activities to the other countries of the Andean Group.

XXV. COSAPI S.A. E.M.A.

A. Shareholders

246. Peruvian and Colombian investors.

B. Headquarters

247. Av. Nicolás Arriola 500, Lima 13, Peru, Telephone: 706000
Telex: 25594 P.E.; Fax: 726362.
Casilla (P.O. Box): 4186 Lima, Peru.
Contacts: Walter Piazza F., Executive Chairman
Luis Michilot C., Managing Director.

C. Background

248. The enterprise was founded in the 1960s by two Peruvian engineers who had it incorporated as PIVASA Ingenieros S.A., and who designed and carried out electromechanical engineering projects. On 28 February 1967 the partnership between the Argentine enterprise SADE and the Peruvian firm PIVASA, led to the establishment of CONSORCIO SADE-PIVASA (COSAPI), whose acronym (COSAPI) is still used to identify the enterprise. The enterprise's share capital was 2.5 million Peruvian soles. On 24 May 1990 the capital of the joint stock company was increased to 8,600 million Peruvian intis. 38/

249. On 30 January 1989 it was decided to transform the enterprise into an AME, in accordance with decision 244 of the Cartagena Agreement and Supreme Decree No. 029/82 of the Government of Peru, and to incorporate in it the Colombian investment firm SCHRADER-CAMARGO S.A. The change was made by a public instrument signed in Lima, Peru, on 8 June 1990, the name adopted for the enterprise being COSAPI S.A. Empresa Multinacional Andina.

250. Cosapi Organización Empresarial, the group to which COSAPI S.A. E.M.A. belongs, comprises, inter alia, the following enterprises:

- EQUIPO UNO S.A., which operates in the real estate field;
- EMPRESA CONSTRUCTORA FUTURA;
- ADEMAO, a brokerage firm operating in Peru's plant and equipment sector;
- TRANSPORTEX, in the transport sector;

- GRUPO LOS REMEDIOS in Mexico, operating in the construction and real estate sector;

- A consortium in Venezuela with GUINAND and BRILLEM BOUR G. operating in the electromechanical assembly and installation field;

- A consortium in the Dominican Republic with MARTINEZ BURGOS S.A.: civil engineering work, assembly and installations;

- CONSTRUCTORA BESALCO-COSAPI in Chile, in the construction field;

- NOVOX, an enterprise grouping other firms from a number of countries to share business, risks and opportunities;

- GRUPO COSAPI INTERNACIONAL, which is responsible for international coordination.

D. Legal Status

251. The enterprise is a joint stock company governed by Peruvian law and is also an Andean Multinational Enterprise.

E. Corporate purpose

252. The company's objects are the design, execution, contracting and/or subcontracting of engineering works such as electrical plants; the construction of nuclear, hydro-electric, thermo-electric and other power stations and plants; the installation of telephone and telegraph lines; the transport of gas, water and petroleum; the construction of petrochemical plants; the installation of complete pump units and their electricity supply; the construction of metal or concrete structures; electrical traction works; transport systems; the construction of engineering and sanitation works and of all types of housing; import, export and other activities linked to the foregoing.

F. Organizational structure

253. The supreme organ of the enterprise is the General Meeting of Shareholders which decides all matters within its competence. The enterprise is administered by a Board of Directors comprising no less than three and no more than 10 members, who are elected by the General Meeting of Shareholders. The Board in turn appoints a Chairman and a Vice-Chairman, the General Manager and other officers, as well as the Management Committee. This Committee is the highest administrative body and is responsible for the enterprise's high-level management. It is normally composed of five persons, but the Board may increase this number to a maximum of 10 or reduce it to a minimum of three.

G. Share capital

254. The firm's capital is 150,100,000 intis, 39/ divided into 30,020,000 shares with a face value of 5 intis each. Eighty-five per cent of the shares are held by Peruvian investors and the remaining 15 per cent by Colombians. Net earnings in 1989 were 2,220,346,000 intis.

H. Activities

255. The enterprise has a broad range of activities in the engineering field, in the areas of electromechanics, electricity, electronics, mining, construction, transport, foreign trade, etc., both domestically through its groups, divisions and subsidiaries operating in the Peruvian market, and through joint ventures and other forms of association in 15 countries.

256. The large-scale projects carried out by the firm have included hydro-electric power stations, electrical transmission lines, a tinplate plant, a catalytic cracking plant, a brewery, a fishing complex, a shopping centre and a housing development. Large-scale projects it has carried out include the Norperuano oil pipeline, the La Jamarquilla zinc refinery and the Cerro Verde copper complex.

XXVI. INDUSTRIA METAL MECANICA S.A. E.M.A. COMESA

A. Shareholders

257. Venezuelan and Colombian investors.

B. Headquarters

258. Autopista Sur Km. 12, Apartado Aéreo 7539, Bogotá, Colombia.
Telex: 42375, Fax: 7814673, Telephone: 7814856.
Contact: Silvio Bernal, General Manager.

C. Background

259. The firm was founded in 1964, to manufacture and sell parts for boilers in Colombia. Its desire to market its products further afield led it to form a joint venture with DISTRAL Térmica C.A. of Venezuela.

D. Legal status

260. The firm is a joint stock company governed by Colombian law. It also has Andean multinational enterprise status.

E. Corporate purpose

261. The manufacture of boiler parts and of equipment for thermo-electric and petrochemical plants and refineries; marketing its products and engaging in foreign trade activity in its field.

F. Organizational structure

262. Supreme responsibility lies with the General Meeting of Shareholders, which appoints a Board of Directors (with directors and deputy-directors), a Chairman, a Vice-Chairman and a General Manager. The Board, among other functions, manages and represents the enterprise.

G. Share capital

263. The firm's initial share capital was US$ 5 million. Twenty per cent is held by a Venezuelan investor and the remaining 80 per cent by a number of Colombian investors. The firm's results for 1989 showed a profit of US$ 200,000, with sales of US$ 6,600,000 of boiler parts.

H. Activities

264. The firm is extending its activities and increasing the number of countries with which it trades. However, it has no plans to expand, and intends merely to consolidate and optimize its current facilities and activities.

XXVII. DISTRAL TERMICA C.A. E.M.A.

A. Shareholders

265. Investors from Colombia, Curacao and Venezuela.

B. Headquarters

266. Av. Francisco de Miranda, Torre la Primera, Piso 14, Oficina 14 - A, Urbanización Campo Alegre, Caracas, Venezuela.
Telephone: (02) 335480 and 334935
Telex: 25534 DTPCA VC
Fax: (02) 335024
Contacts: Carmelo Medina, Chairman
Algimantas Disziulis, Executive Vice-Chairman

C. Background

267. The enterprise was incorporated on 26 August 1981, because of the need of the Colombian investor, a boiler manufacturer, to expand the market for his products in other countries. It forms part of the international group LANCASTER - DISTRAL (established in Venezuela, Colombia, Ecuador, Peru, the United States of America and Germany). It was planned that the Venezuelan company would also manufacture boilers, in addition to its sales operations. Currently, virtually the same products are manufactured in Venezuela and in Colombia. DISTRAL is linked with Industrias Metal Metálica S.A., COMESA, in which it has a 20 per cent shareholding.

D. Legal status

268. The enterprise is a joint stock company governed by Venezuelan law, and has also been recognized as an AME by the Board of the Cartagena Agreement.

E. Corporate purpose

269. The design, manufacture and assembly of industrial and thermal boilers, the repair of steam-generating equipment, industrial plant, processing equipment, pressure vessels, and industrial plant, essentially for the petroleum and petrochemical industries, the sale of such items and foreign trade in such equipment and in its spare parts.

F. Organizational structure

270. The supreme organ of the enterprise is the General Meeting of Shareholders, which possesses full powers and elects the members of the Board. The Board represents the enterprise and appoints its Chairman, Vice-Chairman and Manager, its primary function being the administration and management of the firm.

G. Share capital

271. The initial capital of the enterprise was 20 million bolivars, but by 1990 this had increased to 70 million bolivars. Of the capital, 40.1 per cent is Venezuelan, 40 per cent Colombian and 19.9 per cent from Curacao.

H. Activities

272. The industrial facilities are located on an 80,000 m^2 site at el Bajo del Municipio de San Francisco, Maracaibo, Zulia State, Venezuela. The site is located on the western shore of Lake Maracaibo and has its own berth and over 12,000 m^2 of factory space, housing one of the most modern plants in Venezuela. The firm's regular activities include turnkey projects, in which DISTRAL is responsible from the basic design phase to commissioning. Such projects include:

(a) the ASVAP project for PEQUIVEN ZULIA in Venezuela, comprising four boilers with a unit output of 90 tons of steam per hour;

(b) the Barahona thermo-electric plant for the Corporación Dominicana de Electricidad in the Dominican Republic, with a 42 megawatt capacity.

273. The broad range of services provided by the enterprise encompasses thermo-electric energy generation projects; cogeneration (the combination of traditional fuel with renewable fuels, such as wood, biomass, etc.); ethanol refineries; the petroleum and petrochemical industries (from individual components to complete processing plants) and specialized manufacture of equipment for refineries and their components such as heat exchangers, towers, columns, furnaces and steam generation equipment, etc.

274. The firm has a staff of over 700, comprising engineers, technicians, manual workers, field staff and administrative employees. It operates a technical school to provide permanent training for its personnel, from apprentices to supervisors, thereby helping to train specialized labour for the metallurgy and engineering sectors.

275. In 1990, DISTRAL obtained credit support of US$ 1.3 million and 763 million Colombian pesos 40/ from PROEXPO of Colombia, as well as 55 million bolivars from FONCREI of Venezuela. 41/

PART TWO

JOINT ENTERPRISES NOT RECOGNIZED AS ANDEAN MULTINATIONAL ENTERPRISES

Section 1

Joint enterprises established by two or more Andean investors

XXVIII. BALANCEADOS VIGOR S.A.

A. Shareholders

276. Investors from Ecuador, Venezuela and Spain.

B. Headquarters

277. Km. 10 1/2 Vía a Daule,
Casilla 6786,
Tel: 250430-431
Telex 3277, Vigors ED, Guayaquil, Ecuador.

C. Background

278. This enterprise was formed by a public instrument dated 31 March 1966 and certified by the notary of the canton of Guayaquil (Ecuador). The Venezuelan investor registered his investment as subregional at the Central Bank of Ecuador, in accordance with the provisions of article 1(b) of Decision 103 of the Cartagena Agreement.

D. Legal status

279. The enterprise has juridical personality and is registered as a joint stock company under Ecuadorian law. Under the common rules for the treatment of foreign capital, laid down by the Andean countries, it is an Ecuadorian enterprise, as specified by the Ministry of Industry, Trade and Integration of Ecuador. It may apply for recognition as an Andean multinational enterprise, under the provisions of Decision 292 of the Commission of the Cartagena Agreement, should the Ecuadorian shareholding increase from 13 per cent to at least 15 per cent.

E. Corporate purpose

280. The production of balanced feed for poultry and shrimp; the production and export of shrimp; the import and marketing of poultry and of veterinary products.

F. Organizational structure

281. The Supreme organ of the company is the General Meeting of Shareholders. The enterprise is administered by a Board of Directors composed of five members and five alternates, the Chairman, the General Manager, the Deputy General Manager and the sectoral managers. The General Manager or the Chairman, acting independently is responsible for the legal, judicial and extrajudicial representation of the company.

G. Share capital

282. The initial capital of the enterprise was 75 million sucres, represented by 75,000 ordinary, registered and indivisible shares of 1,000 sucres each. 42/ Its current capital is 570 million sucres divided into 570,000 shares of 1,000 sucres each. Seventy-six per cent comes from Venezuela, 13 per cent from Ecuador and 11 per cent from Spain.

H. Activities

283. The enterprise first produced balanced feed for the poultry sector, especially for fattening hens. This production was subsequently extended to the shrimp-farming sector. At present, the enterprise imports, exports and markets raw materials and veterinary products, as well as balanced feed for all kinds of animals. The enterprise has geared its production to the national market for feed and chickens, and supplies 10 per cent of the day-old chicks and balanced chicken feed consumed in Ecuador. Its natural area for expansion is the Andean subregion, where there is a shortage of proteins. The veterinary products, the pre-mixed vitamins and minerals, the veterinary medicines and the chicken meat produced could find a large market in the Andean Group.

XXIX. BANCO EXTERIOR DE LOS ANDES Y DE ESPAÑA S.A. (EXTEBANDES)

A. Shareholders

284. Bolivian, Colombian, Ecuadorian, Spanish, Peruvian and Venezuelan investors.

B. Headquarters

285. Carnaval y Moreyra 454, San Isidro, Lima 27, Peru
Tel: 422121, Telex: 25773 and 25774 Pc. Exteband
Fax: 404572, Apartado Aéreo 140361, Lima 14.

Subsidiaries, branches and local offices

- Servicios Centrales Venezuela
Centro Banavén, Núcleo "A", Piso 6, Av. La Estancia Chuao
Caracas 1060, Venezuela
Tel: 751-7822, Telex: 24633 Exteban VC
Fax: 914048
Contact: Mr. Sergio Málaga, Executive Chairman

- Regional Office, Caracas
Torre EXTEBANDES P.B., Av. Tamanaco, El Rosal, Caracas 1060, Venezuela
Tel: 951-5944, Telex: 28-570 Exvor VC
Fax: 951-3397

- Regional Office, Spain
Serrano No. 49, 28006 Madrid, Spain
Tel: 431-3630, Telex: 43468 BEAE E
Fax: 2755780

- Barcelona Branch
Paseo de Gracia No. 44, 08007 Barcelona, Spain
Tel: 215-0139, Telex: 50866 BEAE E
Fax: 215-8186

- Arequipa Branch
  Calle La Merced No. 110, Arequipa, Peru
  Tel: 234222, Telex: 51392 PE EXTEBAND
  Fax: 231229

- Extebandes de Colombia
  Dirección General, Bogotá, Calle 74, No. 6-65, Bogotá, Colombia
  Tel: 217-7200, Telex: 43184 Exteb Co.
  Fax: 277-0211
  Contact: Mr. Luis Carlos Rodríguez, General Secretary

- Representative Office, Bogotá
  Calle 72, No. 10-03, Oficina 704, Bogotá, Colombia
  Tel: 2493262, Telex: 43184 EXTEB CO
  Fax: 2495074

- Medellín Branch
  Cra. 46, No. 50-49, Medellín, Colombia
  Tel: 251-5540, Telex: 64005 EXTEB CO
  Fax: 251-0709

- Cali Branch
  Cra. 4, No. 12-46, Cali, Colombia
  Tel: 82-1420, Telex: 51339 EXTEB CO
  Fax: 81-1751

- Miami Office
  701 Brickell Avenue, Miami, Florida 33131, United States of America
  Tel: (305) 372-1515, Telex: 159536
  Fax: (305) 374-1911

- Cayman Islands Branch
  Grand Cayman
  Cayman Islands, British West Indies
  Tel: 9492849
  Telex: 4274 - SCHROBK CP, Air Mail P.O. Box 1040.

C. Background

286. The Bank was set up in Peru by an instrument dated 12 September 1980. This was amended on four occasions between 27 July 1981 and 7 November 1985. Spanish investment is provided by a group called the "Grupo Banco Exterior", which is linked to the Banco Exterior de España, the Banco de Alicante, the Banco del Cantábrico, the Banco Siméon, all of which are in Spain, and to a number of other banks in Germany, Belgium, France, the Netherlands, Italy, Portugal, the United Kingdom, Switzerland and the Soviet Union, in Europe; in Argentina, Brazil, Colombia, Chile, the United States of America, Guatemala, the Cayman Islands, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela, in the Americas; in Egypt in Africa, in Japan and the Peoples' Republic of China in Asia. The name by which this organization is generally known abroad is "Banco Exterior de ...". Extebandes S.A. is a Hispanic-Andean entity with a clearly defined international character and definite integrationist objectives. Its philosophy is to serve as a link to encourage the development

of economic relations among the Andean countries themselves and between them and Spain. In pursuit of these objectives, Extebandes S.A. has set up a structurally and functionally integrated banking network consisting of the head office, regional offices, branches and a representative office in Colombia. It also has a majority shareholding in the subsidiary "Banco Exterior de los Andes y de España de Colombia S.A.", Extebandes de Colombia.

D. Legal status

287. The Bank is a joint stock company having complete economic, financial and administrative autonomy. It is governed by its articles of association, by the provisions of the Multinational Banks Act of Peru, adopted by Decree Law 21.915 of 16 August 1977, and also by the other Peruvian laws and regulations in force on the date of their publication. The enterprise satisfies all the requirements of the Andean judicial system for recognition as an Andean multinational enterprise.

E. Corporate purpose

288. The objects of the enterprise are to perform all kinds of acts, contracts, transactions and activities, in accordance with the laws in force and the customs and the banking and financial practices prevailing in the country in which these activities are carried out, and in conformity with the relevant administrative authority, with the fundamental aim of:

1. Increasing economic cooperation among the countries of origin of the bank's shareholders;

2. Arranging the financing of foreign trade operations and other investments in those countries;

3. Creating and promoting financial and trade flows for the development of foreign trade and, in particular, of non-traditional exports from the countries of origin of the Latin American shareholders; and

4. Promoting, increasing and facilitating the execution of national projects of the countries of origin of the shareholders.

F. Organizational structure

289. The following are responsible for the management and representation of the corporation: the General Meeting of Shareholders, the board of directors, the Executive Committee, the Chairman of the Board of Directors and the general management. The supreme authority of the enterprise is the General Meeting of Shareholders which represents all the shareholders. Its powers include the appointment of the Board of Directors, which consists of 10 directors, who are authorized to conclude contracts, represent the enterprise and appoint the members of the Executive Committee (six directors). This Committee handles those matters which are expressly delegated to it by the Board of Directors. The Chairman of the Board of Directors - appointed by the Board - serves for a four-year term. The Chairman of the Board of Directors has his office in the Banks' administrative headquarters in Caracas, Venezuela.

G. Share capital

290. The initial subscribed and paid-up share capital was US$ 54 million, consisting of 54,000 shares of US$ 1,000 each. The present capital is US$ 94 million. Particulars of the investors, the shareholdings and the respective percentages are given in the following table:

Investors	Number of shares		Percentage of capital	
	Initially	At present	Initially	At Present
- Banco del Estado de Bolivia	5 508	5 508	10.2	5.9
- Banco Cafetero de Colombia	10 746	10 746	19.9	11.4
- Banco Central de Ecuador	5 508	9 588	10.2	10.2
- Banco Exterior de España S.A.	10 746	18 706	19.9	19.9
- Banco de la Nación del Perú	10 746	18 706	19.9	19.9
- Fondo de Inversiones de Venezuela	10 746	30 746	19.9	32.7
TOTAL	54 000	94 000	100	100

H. Activities

291. The Bank has succeeded in fostering trade in the various countries in which it operates and in ensuring that its subsidiaries and branches give each other effective support, each in accordance with the local laws by which it is governed. Its economic and financial results are outstanding.

XXX. BANCO EXTERIOR DE LOS ANDES Y DE ESPAÑA S.A.

(EXTEBANDES DE COLOMBIA)

A. Shareholders

292. Banco Exterior de los Andes y de España S.A. - EXTEBANDES and investors from Colombia, Peru, Venezuela and the United States of America.

B. Headquarters

293. Calle 74, No. 6-65, Bogotá, Colombia.
Tel: 2177200, Apartado Aéreo 241247,
Telex 45374 and 43184 Exteb. Co.,
Fax: 2125876.
Contact: Mr. Luis Carlos Rodríguez Herrera, General Secretary.

Branches and agencies in Colombia

BOGOTA

Head Office, Main Branch, Centro Commercial Paloquemao Branch, Santa Bárbara Branch, Centro Internacional Branch, Puente Aranda Branch, Chicó Branch, Fontibón Agency.

CALI

Cali Branch, Industrial Sector Agency.

MEDELLIN

Medellin Branch, El Poblado Agency.

C. Background

294. Extebandes de Colombia was established because Extebandes S.A. was firmly resolved to operate with working offices in Colombia. It was therefore set up along the lines indicated by the Colombian authorities in accordance with Act No. 55 of 1975, which governed foreign investment in the financial sector. The registration documents and the articles of association of the Bank received the approval of the Banks Supervision Authority by Decision No. 1180 of 9 March 1982. In them, "EXTEBANDES DE COLOMBIA" is defined as an international bank with integrationist goals, whose aim is to serve as a link that will encourage and promote economic, trade and financial relations between Colombia and the other Andean countries and between Colombia and Spain.

D. Legal status

295. Extebandes de Colombia is a joint stock company established in accordance with Colombian law. It has been classified by the national planning department as a national investor for the purposes of application of the Andean Group's foreign investment rules, because its principal shareholder, EXTEBANDES, qualifies as an Andean subregional investor.

E. Corporate purpose

296. With the desire of offering comprehensive services to its customers, Extebandes de Colombia carries out the full range of operations which it is allowed to perform under Colombia's banking laws and which have been authorized by the Banks Supervision Authority.

F. Organizational structure

297. The supreme organ of the Bank is the General Meeting of Shareholders. The Board of Directors, the Chairman and the Vice-Chairmen of the Bank perform the functions of administration and representation. The Board of Directors is composed of seven full directors elected by the General Meeting of Shareholders. The duties of the Board of Directors include the appointment, confirmation or dismissal of the Chairman of the Bank and his alternates, the Vice-Chairmen, the General Secretary of the Bank and the branch managers.

G. Share capital

298. The initial paid-up capital was 500 million Colombian pesos. The present figure is almost 2,000 million Colombian pesos. Of this paid-up capital 94.8 per cent is owned by EXTEBANDES and the remainder is divided among two Colombian companies (Leading Capital S.A. and Seguros Caribe S.A.) and a number of Colombian, Peruvian, Venezuelan and United States individuals. The shareholding by individuals is very small indeed as none holds more than five shares (the capital is made up of approximately 2 million shares). The Bank increased its capitalization from 23,835 million Colombian pesos in 1988 to 32,382 million in 1989. Its profits rose from 451 million pesos in 1988 to 656 million pesos in 1989. 43/

H. Activities

299. Extebandes de Colombia has oriented its credit operations mainly towards the external sector, providing financial and trade support to import or export enterprises that have or wish to establish trade links with the countries of the Andean Group, with Spain and other countries of the European Economic Community and with the member countries of the Latin American Integration Association. The Bank also arranges loans for the industrial, agro-industrial, energy, livestock raising, mining and hotel sectors, using the special funds which are administered by the Banco de la República and credits from the Industrial Development Institute.

XXXI. BANCO TEQUENDAMA

A. Shareholders

300. Colombian and Venezuelan investors.

B. Headquarters

301. Diagonal 27 No. 6-70, Tel: 3237774, Bogotá, Colombia.
Contact: Mrs. Maria Carolina Rodriguez R., General Secretary and Manager of the Legal Division.

C. Background

302. This is a commercial bank that was established because of the desire of the Governments of Colombia and Venezuela to pursue a policy of integration.

D. Legal status

303. The Banco Tequendama was established as a joint stock company under the provisions of Act No. 45 of 1923 of the Republic of Colombia.

E. Corporate purpose

304. The company's principal object is to arrange and perform such acts, contracts and transactions as are authorized for banking institutions, subject to the requirements, restrictions and limitations imposed by the laws of the Republic of Colombia, in particular the provisions of Act. No. 45 of 1923 and

any other provisions which supplement and amend them. In pursuit of this corporate purpose, the bank will give preference to those operations and transactions that will contribute in some way to furthering the aims of the Andean Pact and, in general, to encouraging the development of Latin American integration.

F. Organizational structure

305. The following principal organs are responsible for the management, administration and representation of the Bank:

(a) The General Meeting of Shareholders, which is composed of representatives of the subscribed shares and exercises the full powers of the company. For example, it amends the articles of association, appoints and removes members of the Board of Directors and the Financial Auditor and approves the accounts, balance sheets, mergers and liquidation of the company.

(b) The Board of Directors, which is composed of five to seven principal directors and whose functions include election of the Chairman of the Bank, examination and approval of the programme of activities, creation of the posts required for the smooth conduct of the Bank's operations, appointment of the Vice-Chairmen and the General Manager and the planning and regulation of the distribution of shares which the company holds in reserve.

(c) The Chairman, who represents the Bank and performs such functions as are assigned to him by the General Meeting of Shareholders or the Board of Directors, as well as those which he is required to perform under the law, the articles of association or other rules.

G. Share capital

306. The share capital of 11,000,000,000 pesos, 44/ is divided into 1,100,000,000,000 shares with a nominal value of one centavo of the peso, these are divided among Colombian and Venezuelan shareholders.

H. Activities

307. The enterprise functions as a Colombian commercial bank and is governed by the laws of Colombia.

XXXII. COMPANIA DE CERVEZAS NACIONALES C.A.

A. Shareholders

308. Investors from Ecuador and Panama.

B. Headquarters

309. Km. 16 Via a Daule, Guayaquil, Ecuador.
Tel: 250088
Fax: 253653
Contact: Dario Castaño, Executive Chairman.

C. Background

310. The company was established by a public instrument in Quito on 24 December 1921, with a capital of $100,000. By September 1986, 28 legal instruments had been executed which successively modified its share capital. In 1986, the capital from Colombia, which had incorporated into the capital from Ecuador, was transferred to Panama and subsequently brought back from Panama as Panamanian capital. This was done through foreign investment by the Latin Development Corporation.

D. Legal status

311. The enterprise was formed as a joint stock company and is governed by Ecuadorian law.

E. Corporate purpose

312. The main purpose of the company is the production, distribution and sale of beer as well as of non-alcoholic malt beverages and other beverages for human consumption; it also engages in industrial processing and sale of the by-products of these activities and processes the commodities and materials necessary for this industrial production.

F. Organizational structure

313. The supreme organ of the company is the General Meeting of Shareholders whose functions include the appointment of the Board of Directors. The latter represents and administers the company and appoints the Chairman, Vice-Chairman, Manager and other offices of the enterprise.

G. Share capital

314. The share capital was increased in 1986 to 2,801,277,100 sucres 45/ divided into 28,012,771 ordinary registered shares of 100 sucres each. The Panamanian enterprise, Latin Development Corporation owns 89.73 per cent of the shares and the remaining 10.27 per cent are owned by investors from Ecuador.

H. Activities

315. A lawful strike crippled production from August 1988 to August 1989. Up to the time of the strike the enterprise had paid 14 million sucres in taxes, and was the second highest company tax payer in Ecuador. This brewing group of Colombian origin is the eighth largest in the world and one of the oldest in Latin America. With its modern equipment, backed by Bavarian technology, it produces a range of products in this category at the highest industrial level. In the last recorded increase in the authorized capital, which took place in 1986, there was investment by foreign residents in Ecuador from various countries, namely, Mexico, Chile, Peru, Switzerland, Uruguay, Spain, China, Canada and the United States of America, who under the Andean foreign investment rules are considered to be Ecuadorian investors. Because the capital which constitutes the Panamanian enterprise, the Latin Development Corporation, is of Colombian origin and in view of the fact that the

shareholders include nationals of Latin American countries who are regarded as Ecuadorian, it was deemed appropriate to classify this company as a joint Andean enterprise that is not recognized as an Andean multinational enterprise.

XXXIII. ECUATORIANA DE CERAMICA C.A.

A. Shareholders

316. Investors from Ecuador and Venezuela.

B. Headquarters

317. Av. Colón 698, Edificio El Dorado, ler. piso, Casilla 8996, Sucre 7. Telephone: 522422 and 232696. Telegraphic address: FABULA. Telex: 2719 ED. Fax: 563528, Quito, Ecuador.
Factory at Riobamba: Av. La Independencia. Telephone: 961948. Telex: 2747, Apartado 1256. Telegraphic address: Cerámica.

C. Background

318. Ecuacerámica is one of the oldest firms in Ecuador. It manufactures its products in Riobamba, where other ceramic undertakings are also located. It has entered into a partnership with Empresas de Cerámica CARABOBO, which is the largest consortium of its kind in Venezuela.

D. Legal status

319. The enterprise has juridical personality under private law, is governed by Ecuadorian law is constituted as a joint stock company and is accordingly licensed and supervised by Ecuador's Companies Supervisory Authority.

E. Corporate purpose

320. Production, distribution, sale and export of ceramics and their by-products; import of raw materials, machinery, equipment and other items related to its main purpose.

F. Organizational structure

321. The supreme organ of the company is the General Meeting of Shareholders, which appoints a Board of Directors. The Board administers the company and represents it judicially and extrajudicially. It also appoints the company's senior executives.

G. Share capital

322. Sixty-five per cent of the capital belongs to "Empresas de Cerámicas Carabobo" of Venezuela and the remaining 35 per cent to the Ecuadorian enterprise ECUACERAMICA.

H. Activities

323. The ceramics produced by this enterprise are of high quality and enable it to export not only to other Latin American countries but also to the United States of America, where its products are in considerable demand. The diversity of its lines in ceramics, which are suitable both for walls and floors of workrooms, terraces, bathrooms, kitchens, etc., give it access to different markets with a wide coverage. The designs available include the following: "Natura", "Astral", "Femme", "Femina", "Italia", "Fantasia", "Tradicional", "Monástica", "Clásica", "Pietra", "Nova" and "Señorial". Its plant, machinery and equipment make use of advanced technology and it is therefore capable of large-scale production with the necessary quality control, investigation of production methods and creative attention to new designs and applications. In Ecuador alone its distribution network covers 27 towns, with a total of 55 points of sale. There is an association of Latin American ceramics producers called the "Sociedad de Industrias de Cerámicas Latinoamericana (SICLA)", which enables its member firms to exchange experience and carry out joint activities, on a purely voluntary basis. An agreement between Ecuador, Colombia and Venezuela provides that none of these countries will seek to set up enterprises of this nature in either of the others. Sales, however, are subject to no restriction.

XXXIV. EMPRESA DE SANITARIOS S.A. (EDESA)

A. Shareholders

324. Ecuadorian and Venezuelan investors.

B. Headquarters

325. Morán Valverde s/n, Chillogallo.
Telephone: 629526, 62957 and 625907. Telex: 2997 ED.
P.O. Box 2053, Quito, Ecuador.
Contact: Dr. José López M.

C. Background

326. The enterprise was founded in 1973 with headquarters in Quito, and its factory was set up (and still operates) in Chillogallo.

D. Legal status

327. The enterprise has juridical personality under private law, is governed by Ecuadorian law, functions as a joint stock company and is regulated by Ecuador's Companies Supervisory Authority.

E. Corporate purpose

328. The production, distribution, import, export and sale of ceramic sanitary ware and other goods in this category.

F. Organizational structure

329. Being a joint stock company governed by Ecuadorian law it is required to have a supreme organ in the form of a General Meeting of Shareholders, which elects a Board of Directors. The Board appoints a Chairman, a General Manager, an Administrative and Financial Manager, a Foreign Trade Manager and a National Marketing Manager.

G. Share capital

330. The capital is 51 per cent Ecuadorian (Banco Ecuatoriano de la Vivienda) and 49 per cent Venezuelan (VENCERAMICA). This distribution of the capital would entitle it to recognition as an Andean multinational enterprise in accordance with decision 292 of the Commission of the Cartagena Agreement. On 31 December 1988 its overall balance sheet showed total assets of 5,594,362,371.45 Ecuadorian sucres. 46/ The net profit (after tax) for the period was 507,190,845.06 sucres. At the end of 1987 the net profit had been 172,384,982.58 sucres.

H. Activities

331. The firm is currently producing approximately 800,000 units of sanitary ware annually, of which 60 per cent is for domestic consumption (in Ecuador) and 40 per cent for export, primarily to the United States of America and Puerto Rico and (in limited quantities) to Peru. This total includes accessories and fittings. Exports to El Salvador and Bolivia are to commence shortly. Export to Chile are effected through a parallel firm (CISA) and to Venezuela through a subsidiary.

332. Late 1989 saw completion of an extension to the factory for the production of luxury items, as an addition to the current output of sanitary appliances for collective use and semi-luxury appliances.

333. EDESA is a firm enjoying high prestige within Ecuador, with large modern installations in its factory. It employs some 500 workers. Its lines in accessories, spare parts, metal fittings and other items cover all the requirements for a bathroom from the soapdish to the bath-tub, and items are available in 12 different colours. The products include: paper holders, brush holders, hooks, towel rails, ballcocks, inlet and outlet valves, seats, anchor bolts, bath-tubs, wash-basins, lavatories, urinals, etc. The functioning of the enterprise is well adapted to Andean market demand, in accordance with the policies laid down by the shareholders of EDESA.

XXXV. ESTERO, RIO Y MAR S.A. (ERMA)

A. Shareholders

334. Investors from Ecuador and Venezuela.

B. Headquarters

335. Kilómetro 10.5 Vía a Daule, Casilla 6786
Tel: 250430-1, Telex: 3277, Guayaquil, Ecuador
Contacts: Andrés Rolando T., Chairman
Héctor Rodríguez G., Manager.

C. Background

336. This enterprise forms part of the CORPALMAR conglomerate, whose member companies include CADAPSA, Promociones GESEA, Inversiones Río Lindo, Inversiones DECENA, FINAVES, etc.

D. Legal status

337. The enterprise is established as a joint stock company governed by the laws of Ecuador.

E. Corporate purpose

338. Breeding, extraction and catching, processing, industrial handling and domestic marketing of shrimps and of aquatic species in general, and the export of the foregoing and of their by-products. Production, marketing and sale of the roes of shrimps and other aquatic species.

339. The enterprise can conclude cooperation agreements with other producers of aquatic species in captivity for the farming and fattening, as well as the processing, packaging and marketing of such species, and can rent farms for raising shrimps and other aquatic species. It can also undertake maintenance and construction of fishing vessels, marketing of animal feeds, import and export of such products, and production, fattening, development and slaughter of poultry in general.

F. Organizational structure

340. The principal organ is the General Meeting of Shareholders, in which are vested all the powers of administration and representation of the company. The General Meeting also appoints the Board of Directors, which represents and administers the company and, inter alia, appoints the Chairman, the Manager and the other employees.

G. Share capital

341. The subscribed and paid-up capital of the enterprise is 75 million sucres, 47/ of which 81 per cent is Venezuelan and 19 per cent Ecuadorian.

The enterprise can therefore apply for recognition as an Andean multinational enterprise in accordance with the provisions of decision No. 292 of the Commission of the Cartagena Agreement.

H. Activities

342. Within the field of bio-engineering, experiments in the production of shrimps soya are currently being carried out in cooperation with the Government of the United States of America.

XXXVI. FAENAMIENTO INDUSTRIAL DE AVES S.A. (FINAVES)

A. Shareholders

343. Ecuadorian and Venezuelan investors.

B. Headquarters

344. Vía a Daule Km. 10.5, Guayaquil, Casilla 6786
Tel: 250430, Telex: 3277, Guayaquil, Ecuador
Contacts: Tarcicio I. Pazos, Chairman
Manuel Burgos P., Manager.

C. Background

345. The enterprise forms part of the Venezuelan conglomerate CORPALMAR, which is associated, inter alia with CADAPSA (a Venezuelan company), AGRODISA (Ecuadorian), Inversiones Río Lindo (81 per cent Venezuelan and 19 per cent Ecuadorian), Balanceados Vigor (76 per cent Venezuelan, 11 per cent Spanish and 13 per cent Ecuadorian), Estero, Río, Mar S.A. (ERMA) (81 per cent Venezuelan and 19 per cent Ecuadorian) and other concerns.

D. Legal status

346. The enterprise is established as a joint stock company in accordance with Ecuadorian law.

E. Corporate purpose

347. Production, development and slaughter of poultry and of birds in general. Production and marketing of birds' eggs. Import of veterinary supplies and poultry feeds and of equipment and machinery for poultry farms.

F. Organizational structure

348. The principal organ is the General Meeting, made up of all the shareholders, who have as many votes as they hold (and/or legally represent) shares. The General Meeting also appoints the Board of Directors, which represents and administers the company and, inter alia appoints the Chairman and Manager and the other employees of the company.

G. Share capital

349. According to decision No. 050 of the Regional Subdepartment of Industry, Trade and Integration in the Coastal Area (Guayaquil, Ecuador), adopted on 6 March 1987, the enterprise has a share capital of 20 million sucres. 48/ Ninety-two per cent of the capital belongs to Venezuelan investors and the remaining 8 per cent to Ecuadorian investors.

XXXVII. LABORATORIO VITAMIX S.A.

A. Shareholders

350. Ecuadorian and Venezuelan investors.

B. Headquarters

351. Vía a Daule Km 10.5, Casilla 6786
Tel: 250430-1. Telex: 3277, Guayaquil, Ecuador
Contacts: Andrés Rolando T., Chairman
Javier Orus, Manager.

C. Background

352. The enterprise belongs to the CORPALMER group, together with Balanceados Vigor, PROMAIZ, AGRODISA and ANILISA (which are also partners in Laboratorio VITAMIX, together with other companies).

D. Legal status

353. The enterprise is a joint stock company governed by the laws of the Republic of Ecuador.

E. Corporate purpose

354. Production and marketing of pre-mixes, mixes and balanced concentrates for animals, import of raw materials for human pharmaceutical or for vetinerary use, biologicals, and chemicals in general.

F. Organizational structure

355. The supreme organ of the company is the General Meeting of Shareholders. The General Meeting appoints a Board of Directors, which represents and administers the company and whose powers include the appointment of the Chairman (who is also Chairman of the General Meeting) and the Manager, and their removal at its discretion.

G. Share capital

356. According to decision No. 80 of Ecuador's Regional Subdepartment of Industry, Trade and Integration in the Coastal Area, dated 6 April 1988, the company's share capital is 2 million sucres. 49/ Of this total, 92 per cent belongs to Venezuelan investors and the remaining 8 per cent to Ecuadorian investors.

XXXVIII. COMPAÑIA REMAR REPRESENTACIONES MARITIMAS DEL ECUADOR S.A. (REMAR)

A. Shareholders

357. Panamanian, Ecuadorian, Chilean and Bolivian investors.

B. Headquarters

358. Avda. 10 de agosto 103 y Malecón, 9° Piso, Oficina 1-2.
Telephone: 322111, 327831 and 327936. Fax: 32925 and 43678.
Telex: 43325 and 43678 REMASA ED., Guayaquil, Ecuador.
Contact: Mr. Carlos Biggs L., General Manager

C. Background

359. The company was legally constituted on 17 November 1978 at the office of the Public Notary of the Canton of Guayaquil, Province of Guayas, Ecuador. Direct foreign investment was authorized on 29 February 1988 by decision No. 38 of Ecuador's Regional Subdepartment of Industry, Trade and Integration in the Coastal Area, Guayaquil. The associate firm of A.J. Broom, which operates in Chile as Agencia Marítima, dates from 1920.

D. Legal status

360. REMAR has juridical personality under private law and is governed by the provisions of the Companies Act and other Ecuadorian legislation. Being established as a joint stock company, it is supervised by Ecuador's Companies Supervisory Authority.

E. Corporate purpose

361. Coordination and execution of the various acts and contracts necessary for the conveyance of merchandise from its warehouses of origin until delivery at its point of final destination, including subcontracts for transport by sea, land and/or air, loading and unloading operations and, in general, management and supervision of all the phases involved in the transport of merchandise and all matters related to the corporate purpose of the company.

F. Organizational structure

362. The General Meeting of Shareholders is the supreme organ of the company and its functions, in addition to those determined by law, include appointing the five members of the Board of Directors. It also appoints from among them the Chairman and Vice-Chairman of the Board, who hold the same offices in the Company and in the General Meeting of Shareholders. The Directors hold office for one year, five deputy directors also being appointed.

G. Share capital

363. When the company was legally constituted, its capital amounted to 2 million sucres, 50/ represented by 2,000 ordinary registered shares of a face value of 1,000 sucres each, fully subscribed and paid up. When foreign

investment in the company was authorized in February 1988, its share capital amounted to 6 million sucres, which was increased by virtue of that authorization to a total of 12 million sucres represented by 12,000 ordinary and registered shares of a face value of 1,000 sucres each. At present the company's capital is 24 million sucres. The distribution of the share capital among the investors is as follows: Bolivian investors, 52 per cent; Panamanian investors, 30 per cent; Chilean investors, 15 per cent; and Ecuadorian investors, 3 per cent. The 1989 balance sheet showed a profit of 100 million sucres.

H. Activities

364. The experience of its members and its role as representative of large and dependable shipping companies make REMAR S.A. a major service undertaking, which can make an important contribution to solving the problems facing international marketing in the Andean subregion. In its capacity as general agent for various transnational shipping companies, it arranges the transport of cargo mainly to northern Europe and the Mediterranean, operating in Latin America principally with Argentina, Brazil, Colombia, Chile and Ecuador. At present it provides services to shipping companies based in Brazil, Chile, France, Japan and Peru.

XII. COMPAÑIA PROINPACA, PRODUCTORES INTEGRADOS DEL PACIFICO, COMPAÑIA ANONIMA

A. Shareholders

365. Investors in Ecuador and Peru.

B. Headquarters

366. Las Tipas 108, Urbanization Las Casuarinas, Surco, Peru
Contact: Dr. Germán Orbezo 51/

C. Background

367. The only available information is that obtained from decision 042 of the Regional Subdepartment for the Guayaquil seaboard, attached to the Ministry of Industry, Trade, Integration and Fisheries of Ecuador, dated 26 February 1987, which is set out in the following paragraphs.

D. Legal status

368. This enterprise has juridical personality under private law, was established as a joint stock company and is governed by Ecuadorian legislation. In view of the participation of a subregional investor, the enterprise has availed itself of the provisions of decision 103 of the Commission of the Cartagena Agreement and is continuing as a national enterprise.

E. Corporate purpose

369. Production, processing and marketing of every kind of farm livestock, poultry and other animal species, including aquatic species. Marketing, distribution and import of machinery for agriculture and for the production of the afore-mentioned species, as well as representation of allied firms.

F. Organizational structure

370. The General Meeting of Shareholders is the supreme organ of the Company. It elects its Chairman, Vice-Chairman and Secretary. Subordinate to it is a five-member Board of Directors headed by the Chairman and Vice-Chairman of the General Meeting. The Board of Directors appoints a Manager who is the company's legal representative.

G. Share capital

371. Thirty million sucres, 52/ represented by 30,000 shares of 1,000 sucres each, 67 per cent of the capital being Ecuadorian and 33 per cent from Peruvian. The company fully meets the requirements for recognition as an Andean multinational enterprise.

H. Activities

372. At the time of preparation of this report it was not possible to obtain any further information about the company's activities.

SECTION 2

JOINT ENTERPRISES ESTABLISHED BY AN ANDEAN INVESTOR TOGETHER WITH INVESTORS FROM OTHER DEVELOPING COUNTRIES

XL. EL CAMPO S.A. (CAMPOSA)

A. Shareholders

373. Investors from Ecuador, the Netherlands and the Inter-American Development Bank.

B. Headquarters

374. 10 Km. 11 Vía a Daule. Telephone: 250775, Telex. 40133, Fax: 252468, Guayaquil, Ecuador.
Contact: Néstor Cubillos, General Manager.

Branch

375. Calle Eloy Alfaro No. 2129, Telephone: 242459, Telex: 2660, Fax: 444481, Quito, Ecuador.
Contact: Luis A. Izurieta, branches Manager.

C. Background

376. The company was founded in 1964 in Guayaquil, with a capital of 150,000 sucres and shareholders of Ecuadorian nationality, to provide services in the agricultural and livestock raising sector. It soon acquired franchises for products supplied by United States companies. In 1968 it increased its capital substantially and relocated to the headquarters it uses today. In 1982 it received financial support for extension of its operations with the Inter-American Development Bank (IDB) and Financiera Holandesa (FMO), and its capital was increased to 51 million sucres. In the same year it signed a technical assistance contract with the Duphar company of the Netherlands.

D. Legal Status

377. The enterprise is a joint stock company, constituted under and governed by Ecuadorian law.

E. Corporate purpose

378. The import, formulation, distribution and marketing of inputs for agriculture and livestock raising.

F. Organizational structure

379. Supreme responsibility lies with the general meeting of shareholders which nominates a board of directors to represent it. The board has various responsibilities, including the appointment of the president (who also chairs the general meeting), vice-president and general manager.

G. Capital

380. The subscribed and paid-up capital of 100 million sucres 53/ is distributed as follows:

Netherlands investors	18.18 per cent
Ecuadorian investors	53.53 per cent
IDB	28.29 per cent

Of the company's capital, 81.82 per cent is primarily Latin American, including as such the capital provided by the Inter-American Development Bank (IDB) since it comes for the most part from Latin American countries. It is pointed out that 53.53 per cent of the capital is of Ecuadorian origin.

H. Activities

381. During 1989 552,800,000 units of veterinary products worth 767,200,000 sucres were sold directly to livestock raisers. As regards products for agriculture, sales totalled 104,400,000 units with a value of 577,750,000 sucres. Finally, 176,900,000 units of domestic products were sold in supermarkets in Ecuador for a total of 171,810,000 sucres.

382. The principal export in 1989 was veterinary products sold to Colombia for a total of 63 million sucres. It should be noted that 99 per cent of the annual production is sold in Ecuador and that only the remaining 1 per cent is exported. The company plans to expand its exports in the Andean and/or Central American regions, the prospects having improved with the signing of intergovernmental agreements and programmes proposed by the Andean Development Corporation.

XLI. ISKRAEMEC HERRAMIENTAS ELECTROMECANICAS DEL ECUADOR S.A.

A. Shareholders

383. Investors from Ecuador and Yugoslavia.

B. Headquarters

384. Panamericana Norte Km. 5, Casilla Postal 6241 C.C.I.
Telex: 2453 ISKEM - ED, Telephone Nos.: 533380 and 533366, Quito, Ecuador
Contact: Fabián Canelos, General Manager

C. Background

385. The company was founded as a result of an initiative by the Government of Ecuador in the 1970s. The Corporación Financiera Nacional del Ecuador (CFN) entered into association with the Yugoslav enterprise ISKRA PERLES to produce machine tools thus meeting an unsatisfied demand in Ecuador, and subsequently leading to the export of part of the output.

D. Legal status

386. The enterprise, a joint stock company with juridical personality, is governed by Ecuadorian law.

E. Corporate purpose

387. Manufacture of machine tools and electric tools, marketing, distribution, export and representation of foreign firms operating in the same sector.

F. Organizational structure

388. The supreme organ is the General Meeting of shareholders. The General Meeting appoints a Board of Directors which represents and administers the company. Another function of the Board is the appointment of the Chairman (who also presides over the General Meeting), the Vice-Chairman and the General Manager, and their replacement when necessary.

G. Share Capital

389. On 31 December 1988 the company had a capital of 1,046,902,000 sucres, 54/ 51 per cent of which was provided by the Ecuadorian State and the remaining 49 per cent of which was of Yugoslav origin.

H. Activities

390. The Chief Executive has been in the post for nine years even though it was initially a two-year appointment. The company strategy, based on the Andean market, has led to a gradual but steady growth in sales. Both the manager and the other members of the management team have appropriate qualifications and their judgement and motivation are highly effective, which is reflected by the company's performance.

391. The company currently produces such items of equipment as: standard drills; circular sawing machines; hammer drills; jig saws; orbital sanders; supports; tables; horizontal drill mountings; drill supports; hand lathes; standard industrial, super-industrial and heavy-duty drills and screwdrivers; eroding cutters; abrading tools; polishing machines; grinding machines; cross-cutting supports; electric slotters and planes, all of the foregoing in various models.

XLII. OLEICA S.A.

A. Shareholders

392. Ecuadorian and Panamanian investors.

B. Headquarters

393. Km. 6 1/2 Vía a Daule, telephone No.: 351300 PEX, Casilla 3228,
Telex: 3214 OLIACE ED,
Fax: 354664, Guyaquil, Ecuador.
Contact: Mr. Fernando Icaza Icaza, Manager.

C. Background

394. The company commenced operations in 1952 with a balanced feed factory, for which it bought a rice stacker with a capacity of 70 tons per 24 hours. The factory, built on a 97,000 m^2 site, has a production capacity of 240 tons.

D. Legal status

395. The enterprise is a joint stock company governed by Ecuadorian law.

E. Corporate purpose

396. Industrial activities, in particular the production and marketing of oils, butter, oleoginous pastes and derivatives.

F. Organizational structure

397. The supreme organ is the General Meeting of shareholders, which has full powers. The Board of Directors, appointed by the General Meeting, represents the company legally, with the power of concluding contracts and engaging in various financial and commercial activities.

G. Share Capital

398. The enterprise had an initial capital of 100,000 sucres; 55/ in 1989 its capital worth was 2,740 million sucres and its profits 227 million sucres.

H. Activities

399. In 1989 the company supplied 13.5 per cent of the Ecuadorian market for vegetable oil, butter and margarine (24,000 metric tons with a sale value of some 18 million sucres). It also supplied 25 per cent of the soya seed market in Ecuador (250,000 quintals with an approximate value of 2,000 million sucres) and 40 per cent of the fish oil market (6,000 tons with an approximate value of 1 million sucres in 1989).

XLIII. POLIQUIMICOS DEL ECUADOR S.A. (POLIECSA)

A. Shareholders

400. Investors from Ecuador, Mexico and the United States of America.

B. Headquarters

401. Plant and offices: Km. 6 1/2 Vía a Daule, Telephone Nos.: 254700, 254124, 256605 and 256606, Fax: 254483, Casilla 214 (URDESA), Telex: 3578 Poliec, Ed. Guayaquil, Ecuador.
Contact: Ingeniero Héctor Plaz S., General Manager.

C. Background

402. The company has been in existence for 12 years and is the sole producer of Sorbitol for the Andean Pact countries. It commenced operations in 1978 with the preparation of Sorbitol, using national and foreign technology, and it began exporting in March 1979. By 1982 it had acquired a significant share of the Andean market and since then has occupied an important position in the subregion due to a stable price policy and the guaranteed quality of Sorbitol.

403. In 1978 POLIECSA had an initial installed capacity of 4,000 tons of Sorbitol per year, based on an initial investment of US$ 2 million. 56/ In 1985 it had a production capacity of 7,000 tons of Sorbitol.

D. Legal status

404. The enterprise is a joint stock company, registered as such in accordance with Ecuadorian law.

E. Corporate purpose

405. Production of chemical products for food, pharmaceutical and general industrial purposes, in particular hexavalent alcohol in an aqueous solution of Sorbitol, in its various forms of preparation and application, as well as their storage, distribution, marketing, export and exploitation, and various related activities.

F. Organizational structure

406. The enterprise being a joint stock company governed by Ecuadorian law, its supreme organ is the General Meeting of shareholders, comprising all the shareholders, whose voting rights correspond to the number of shares they own or legally represent. The General Meeting also appoints the Board of Directors, which represents and administers the company. The Board's responsibilities include appointment of the Chairman, the Vice-chairman and the Manager, as well as other persons working in the company.

407. At the time of preparation of this report, the Chairman of the Board of Directors had been appointed by the representatives of the United States shareholders and the General Manager and the Marketing Manager by the Ecuadorian investors. According to normal procedure, the General Manager, of Ecuadorian origin, appoints the Plant Supervisor and other company workers.

408. The organigram is made up of the General Meeting of shareholders, the Board of Directors, the Chairman of the company, the General Manager, the Marketing Manager and the Plant Supervisor, and, at the same level as the latter, a General Comptroller with an external adviser. The distributors for Peru, Bolivia, Venezuela and Colombia report to the Marketing Manager.

G. Share capital

409. The initial capital was 15 million sucres but, as a result of successive authorized increases, it had reached by March 1986 a total of 60,070,000 sucres, made up of 60,070 ordinary registered shares of 1,000 sucres each. In 1990 the capital of the enterprise was 800 million sucres, divided among investors from Ecuador, Mexico and the United States of America, with investors from each country holding one third of the total capital.

H. Activities

410. Sorbitol is a humectant, solubilizing and stable hexahydric alcohol whose physical and chemical properties make it suitable for use in sweets, gelatines, ice-cream, soft drinks, medicines, toothpaste, cosmetics, resins, duplicating paper, plastics, explosives, bactericides, adhesives and many other products. Company literature states that "in accordance with the provisions of decision No. 28 of the Commission of the Cartagena Agreement, [they] are the sole manufacturers of Sorbitol for Ecuador and the Andean Pact". That decision was replaced by decision No. 259 in which the market reservation for Sorbitol and other products was maintained until 1995.

Notes

1/ See "Report of the Conference on Economic Co-operation Among Developing Countries", Mexico, 13-22 September 1976, vol. I, "Decisions of the Conference and summary of proceedings" (distributed under cover of document TD/B/628).

2/ See UNCTAD, "Juridical aspects of the establishment of multinational marketing enterprises among developing countries", New York, 1982 (United Nations publication, sales No.: S.82.II.D.9), para. 5.

3/ "Evaluation of Latin American multinational enterprises" (UNCTAD/ST/ECDC/35); "Latin American multinational enterprises: an analytical compendium" (TD/B/C.7/50 and Corr.1); "Multinational production enterprises" (TD/B/C.7/84); UNCTAD, "Multinational shipping enterprises", New York, 1972, (United Nations publication, sales No.: S.72.II.D.17); "Multinational enterprises of Sub-Saharan Africa: analytical summary" (UNCTAD/ECDC/201); IDB-INTAL, "Las Empresas Conjuntas Latinoamericanas", (Buenos Aires, 1977), Estudios básicos, No. 1.

4/ UNCTAD, op.cit., United Nations publication, sales No.: S.82.II.D.9, part two, chapters I to IV.

5/ See document TD/B/7/50 and Corr.1, p. iii.

6/ See United Nations General Assembly document A/36/333 of 26 June 1981.

7/ Board of the Cartagena Agreement, "Historia documental del Acuerdo de Cartagena", Buenos Aires, INTAL, 1974; p. 249.

8/ See annex.

9/ Article 1 of decision No. 292.

10/ Articles 9 to 23 of decision No. 292.

11/ SIFA S.A. recently ceased to be an AME, on changing its corporate composition. It was nevertheless considered appropriate to classify it in this section since its main development took place as an AME.

12/ For more background see: "Latin American multinational enterprises: an analytical compendium" (TD/B/C.7/50), pp. 71 to 73; and "Evaluation of Latin American multinational enterprises" (UNCTAD/ST/ECDC/35), pp. 18 to 19.

13/ One US$ = 38.35 bolivars; exchange rate on 18 August 1989.

14/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

15/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

16/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

17/ This distribution of the capital was valid while the company had AME status. There have been changes but it has not been possible to obtain information on the current relative shareholdings.

18/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

19/ For further details see "Latin American multinational enterprises: an analytical compendium", (TD/B/C.7/50), pp. 85 to 87; and "Evaluation of Latin American multinational enterprises" (UNCTAD/ST/ECDC/35), pp. 20 and 21.

20/ Approximately US$ 230,000 in August 1980.

21/ For further details see "Latin American multinational enterprises: an analytical compendium" (TD/B/C.7/50), pp. 14 to 19 and "Evaluation of Latin American multinational enterprises" (UNCTAD/ST/ECDC/35), p. 19.

22/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

23/ "Monómeros Colombo Venezolanos S.A. La empresa química del grupo Landino (E.M.A.). Reseña histórica", published by the marketing Departamento de Mercado de Monómeros S.A. C.V.E.M.A., 1989, Barranquilla, Colombia.

24/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

25/ One US$ = 38.35 bolivars; exchange rate on 18 August 1989.

26/ For further background see "Evaluation of Latin American multinational enterprises" (UNCTAD/ST/ECDC/35), pp. 18 and 29.

27/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

28/ One US$ = 3,290 Peruvian intis; exchange rate on 18 August 1989.

29/ This was equivalent to US$ 45,000 at that time.

30/ One US$ = 3,290 Peruvian intis; exchange rate on 18 August 1989.

31/ One US$ = 38.35 bolivars; exchange rate on 18 August 1989.

32/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

33/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

34/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

35/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

36/ One US$ = 576 sucres; exchange rate on 18 August 1989.

37/ One US$ = 3,290 Peruvian intis; exchange rate on 18 August 1989.

38/ One US$ = 3,290 Peruvian intis, exchange rate on 18 August 1989.

39/ This initial amount was the equivalent of US$ 15,000 at that time.

40/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

41/ One US$ = 38.35 bolivars; exchange rate on 18 August 1989.

42/ One US$ = 576 sucres; exchange rate on 18 August 1989.

43/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

44/ One US$ = 393.79 Colombian pesos; exchange rate on 18 August 1989.

45/ One US$ = 576 sucres, exchange rate on 18 August 1989.

46/ One US$ = 576 sucres; exchange rate on 18 August 1989.

47/ One US$ = 576 sucres; exchange rate on 18 August 1989.

48/ One US$ = 576 sucres; exchange rate on 18 August 1989.

49/ One US$ = 576 sucres; exchange rate on 18 August 1989.

50/ One US$ = 576 sucres; exchange rate on 18 August 1989.

51/ Because of the lack of information on this enterprise, only the address of the Peruvian shareholder has been included.

52/ One US$ = 576 sucres; exchange rate on 18 August 1989.

53/ One US$ = 576 sucres; exchange rate on 18 August 1989.

54/ One US$ = 576 sucres; exchange rate on 18 August 1989.

55/ One US$ = 576 sucres; exchange rate on 18 August 1989.

56/ One US$ = 576 sucres; exchange rate on 18 August 1989.

ANNEX

Fifty-fifth regular session
of the Commission
21-22 March 1991
Lima, Peru

DECISION 292

Uniform Regime for Andean
Multinational Enterprises

THE COMMISSION OF THE CARTAGENA AGREEMENT

Considering articles 7 and 28 of the Cartagena Agreement, Commission decision 244 and Board proposal 229,

Whereas it is necessary to update and improve the Uniform Regime for Andean Multinational Enterprises in order to maintain and encourage the involvement of national investors in member countries in undertakings of common interest and multinational scope,

DECIDES:

CHAPTER I

Definitions and requirements

Article 1. For the purposes of this Regime, an Andean multinational enterprise shall mean an enterprise which meets the following requirements:

(a) Its head office must be situated in the territory of a member country or in the country where the transformation or merger of the enterprise takes place.

(b) It must be established as a joint stock company subject to the procedures laid down in the legislation of the country concerned, and must append to its name the words "Empresa Multinacional Andina" or the initials "E.M.A.".

(c) Its capital must be constituted of registered shares of equal value, conferring equal rights and imposing equal obligations on the shareholders.

(d) The subscribers to its capital must include national investors from two or more member countries whose combined shareholdings exceed 60 per cent of the capital.

(e) If it is established with contributions by investors from only two member countries, the aggregate holding of the investors from each member country must be not less than 15 per cent of the capital of the enterprise. If there are investors from more than two member countries, the aggregate

holding of the shareholders from each of at least two countries must be not less than 15 per cent. In either case, investments from the country where the head office is situated must equal 15 per cent or more of the capital of the enterprise.

There must be at least one director per member country whose nationals hold not less than 15 per cent of the capital of the enterprise.

(f) The subregional majority holding in the enterprise must be reflected in its technical, administrative, financial and commercial management, as assessed by the appropriate national body.

(g) The articles of association must establish the priorities and arrangements which will ensure that shareholders may exercise their preferential rights. They must also provide for such other procedures as are called for under the relevant legislation or are required by the articles of association. A shareholder may, however, forgo exercising his preferential right if he sees fit.

Article 2. The nominal value of the shares shall be expressed in the national currency of the country where the enterprise has its head office, or in another currency if the applicable legislation so permits.

Article 3. Investment by foreign and subregional investors shall be effected in a freely convertible currency, or in material or tangible goods such as industrial plant, new and reconditioned machinery, new and reconditioned equipment, spares and parts, raw materials and intermediate products from any country other than the one in which the enterprise has its head office, or in national currency drawn on resources whose expatriation is allowed.

Investments may also be made in the form of intangible technology, subject to the same conditions as are established for foreign investors.

Article 4. Investments shall be recorded in freely convertible currency after verification by the competent national body of the investor's national status. In the case of bodies corporate, a certificate issued by the competent national body of the member country where the investment originated describing them as national shall suffice. In the case of individuals, production of an identity card, document or certificate stating that the person in question is a national of the relevant member country concerned shall suffice.

CHAPTER II

CONSTITUTION AND FUNCTIONING OF ANDEAN MULTINATIONAL ENTERPRISES

Article 5. Enterprises or companies legally constituted in member countries but not as joint stock companies may transform themselves into Andean multinational enterprises subject to the provisions of this Regime.

Joint stock companies may become Andean multinational enterprises by selling shares to subregional investors or increasing their capital and modifying their articles of association accordingly.

Article 6. An Andean multinational enterprise may also be formed through the merger of two or more national or joint enterprises provided that the percentages laid down in article 1 are respected.

Article 7. Andean multinational enterprises shall be governed by:

1. Their articles of association, which must conform to the provisions of this Regime;

2. This Regime, in all matters not dealt with in the articles of association.

3. In matters not regulated by either the articles of association or this Regime, the following shall apply:

(a) The legislation of the country where the enterprise has its head office; and

(b) Where appropriate, the legislation of the country where the legal relationship is established, or that of the country where the effects of legal acts by the Andean multinational enterprise will occur, as established by the applicable norms of private international law.

Article 8. The national body responsible for the supervision of companies and corporations in any member country where Andean multinational enterprises are established or have branches shall be responsible for overseeing and supervising their activities, without prejudice to the exercise of this function in matters within their competence by the national bodies referred to in decision 291, article 6.

CHAPTER III

SPECIAL TREATMENT FOR ANDEAN MULTINATIONAL ENTERPRISES

Article 9. Andean multinational enterprises and their branches shall enjoy treatment no less favourable than that established for national enterprises as regards preference in public-sector procurement of goods and services.

Article 10. Capital intended for investment in Andean multinational enterprises and their branches shall circulate freely within the subregion.

Article 11. When subregional investment in the capital of a multinational enterprise consists of material or tangible goods, the member country of origin and the member country where the enterprise has its head office shall permit their export and import free of taxes, restrictions and obstacles, provided that the said goods comply with the subregional rules of origin.

Article 12. Andean multinational enterprises shall have access to export promotion mechanisms on the same terms as national enterprises engaging in the same economic activity, provided they meet the requirements established for such enterprises by the relevant legislation. Furthermore, Andean multinational enterprises may use the special import-export systems established under the national legislation of the member countries where they have their head offices and branches.

Article 13. Investments and reinvestments by an Andean multinational enterprise shall be registered with the competent national body once the requirements established by this Regime have been met.

Article 14. Andean multinational enterprises and their branches may operate in sectors of economic activity reserved for national enterprises in accordance with the law of the member countries concerned.

Article 15. Andean multinational enterprises shall have the right to establish branches in member countries other than the country where they have their head office. Their activities shall be governed by the national legislation of the member country where they are established.

Article 16. Branches of Andean multinational enterprises shall have the right to transfer to their head offices, in freely convertible currency, all their certified net profits from direct investment, after payment of the appropriate taxes.

Article 17. Foreign and subregional investors in an Andean multinational enterprise shall have the right to expatriate, in freely convertible currency, all certified net profits from direct investment by them, after payment of the appropriate taxes.

Article 18. Andean multinational enterprises and their branches shall enjoy the same treatment in matters of internal taxation as is or may be established for national enterprises engaging in the same economic activity, provided they meet the requirements established for such enterprises by the relevant national legislation.

Article 19. In order to avoid the occurrence of double taxation, in addition to the provisions of Decision 40 and of any rules supplementing, amending or superseding that decision, the following rules shall apply:

(a) The member country where an Andean multinational enterprise has its head office shall not levy income or remittance tax on the share of the dividends distributed by the enterprise which corresponds to profits earned by its branches set up in other member countries;

(b) In the member country where an Andean multinational enterprise has its head office, income tax shall not be levied on the redistribution by the investing enterprise of the share of the dividends received from the Andean multinational enterprise which corresponds to profits earned by branches of the enterprise in other member countries;

(c) In member countries other than that where an Andean multinational enterprise has its head office, income tax shall not be levied on the redistribution by the investing enterprise of dividends received from the Andean multinational enterprise.

Article 20. For the purpose of exercising the right established in the preceding article, Andean multinational enterprises shall provide the following documentary evidence:

(a) A branch of an Andean multinational enterprise established in a member country other than that where its head office is situated shall send a certificate to its head office indicating the profit the branch has earned after payment of the taxes payable in the country where it is situated;

(b) An Andean multinational enterprise in the country where it has its head office shall send certificates to its investors indicating the trading name of the Andean multinational enterprise concerned; the name of the individual or trading name of the investing institution and the dividend distributed to him or it; the percentage and actual amount of the dividend not subject to income tax and, where appropriate, the percentage and actual amount of the dividend not subject to remittance tax.

In all cases the national tax authorities of member countries may verify the information given in the certificates referred to in this article and, in the event of inaccuracy, apply the penalties provided for in the legislation of the member country concerned.

Article 21. Member countries shall facilitate the recruitment by Andean multinational enterprises of staff from the subregion to work in the member country where they have their head office or the member countries where they have branches.

For the purpose of the application of rules imposing quotas of foreign workers, member countries shall regard as nationals staff of Andean multinational enterprises certified as being of subregional origin.

Article 22. For the purposes of the constitution and functioning of Andean multinational enterprises, the promoters of, investors in and executives of such enterprises may enter and remain in the territory of member countries as long as is necessary for the performance of their work. Member countries shall, to this end, grant visas authorizing their entry and stay upon simple verification of their status as promoters of, investors in, or executives of the enterprise concerned.

Article 23. Member countries shall, in concluding contracts for the supply of any form of technology, including trademarks and patents, give preference to Andean multinational enterprises in full compliance with Decision 84 and any amendments thereto.

CHAPTER V

FINAL PROVISIONS

Article 24. Issuance of the registers and other administrative documents referred to in this Decision shall be the responsibility of the competent national body or bodies referred to in Decision 291.

Article 25. Investments by the Andean Development Corporation shall be regarded as investments by national investors for the purposes of calculating the percentage of subregional ownership referred to in this Decision.

Investments in an Andean multinational enterprise by other entities on the list referred to in the annex to Decision 291 shall be regarded as neutral capital; they shall accordingly be excluded from the calculations made to determine the status of the enterprise concerned.

Article 26. Member countries undertake to promote the constitution of Andean multinational enterprises in order to facilitate the process of joint industrial development in the subregion under the various industrial integration arrangements provided for in the Cartagena Agreement.

They will likewise promote and facilitate the constitution of Andean multinational enterprises in the services and other productive sectors.

Article 27. For the purposes of this Regime, investments by joint enterprises in an Andean multinational enterprise shall be counted as national or foreign in the same proportions as the national and foreign holdings in the capital of the joint enterprises.

Article 28. In the event of infringement of this Regime by an Andean multinational enterprise in the member country where it has its head office or by its branches, the competent national body of the member country where the infringement was committed shall, in accordance with its internal legislation, apply such penalties or measures as are appropriate, which may include annulling the Andean multinational enterprise status enjoyed by the enterprise or its branches. It shall notify the Board of the action taken and the Board shall inform the other member countries.

If the status of Andean multinational enterprise enjoyed by an enterprise or its branches is annulled, the enterprise or its branches, as appropriate, shall lose the right to avail themselves of the provisions of this Regime and shall be subject to the provisions of Decision 291 and the legislation of the country concerned.

Article 29. Member countries shall, through their competent national bodies, within 60 days of the constitution, transformation or qualification of an enterprise as an Andean multinational enterprise, inform the Board thereof, supplying it with the relevant documentation, and the Board shall draw up a register of the Andean multinational enterprises. The Board shall bring the information to the attention of the other member countries within 30 days of receiving it.

Article 30. Subregional and foreign investors in an Andean multinational enterprise shall, in all matters not covered by this Decision, be governed by the provisions of Decision 291 and the internal legislation of each member country.

Article 31. This Decision supersedes Decision 244.

TRANSITIONAL ARRANGEMENTS

Article 32. Andean multinational enterprises intending to produce or exploit products allocated or reserved under any subregional programming arrangement may be constituted only in the member country or countries entitled to benefit from such allocation or reservation.

Done at Lima, Peru, on 21 March 1991.